

**MCB INVESTMENT HOLDING LIMITED**

**ANNUAL REPORT**

**YEAR ENDED**

**30 JUNE 2021**



## **MCB INVESTMENT HOLDING LIMITED**

### **ANNUAL REPORT FOR YEAR ENDED JUNE 30, 2021**

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Dear Shareholder

The Board of Directors is pleased to present the annual report of MCB Investment Holding Limited for the year ended 30 June 2021, the contents of which are listed below :

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**MCB INVESTMENT HOLDING LIMITED**

**REPORT OF THE DIRECTORS FOR YEAR ENDED JUNE 30, 2021**

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The directors have the pleasure in submitting the Audited Financial Statements of MCB Investment Holding Limited for the year ended June 30, 2021 as set out on pages 23 to 37.

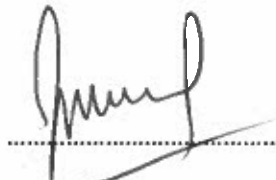
The shareholder agrees that in conformity with Section 221 (4) of The Companies Act 2001 (the "Act"), the Annual Report of the Company need not comply with paragraphs (a), (d) and (e) of Section 221 (1) of the Act.

This report was approved by the Board of Directors on 28 September 2021.



Director

Jean-François Desvaux de Marigny



Director

Jean Michel Ng Tseung

**MCB INVESTMENT HOLDING LIMITED**

**SECRETARY'S CERTIFICATE FOR YEAR ENDED JUNE 30, 2021**

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I certify that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.



For and on behalf of

**MCB Group Corporate Services Ltd**  
**Company Secretary**

Date: 28 September 2021.

## MCB INVESTMENT HOLDING LIMITED

### CORPORATE GOVERNANCE REPORT

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#### 1. GOVERNANCE STRUCTURE

##### 1.1 Overview

MCB Investment Holding Limited (the "Company" or "MCBIH") is a private Company and wholly owned by MCB Group Limited ("MCBG" or the "Group"). MCBIH is the holding company of the banking subsidiaries of MCBG and is a Public Interest Entity as defined by law since its total assets exceed one billion rupees. It is committed to the highest standard of business integrity, transparency and professionalism in all its activities and to ensure that the activities within the Company are managed ethically and responsibly to enhance business value for all stakeholders.

##### 1.2 Statement of Compliance

The board of directors has given and will continue to give due consideration to the principles of good corporate governance which are applicable to the Company under the National Code of Corporate Governance for Mauritius ("Code").

Throughout the year ended 30<sup>th</sup> June 2021, to the best of the Board's knowledge the organisation has complied with the Code in all material aspects except for certain sections of the Code as mentioned and explained in the table below.

Principles	Sections relating to	Reasons for non-compliance
2	Organisations should have at least an Audit Committee	The Company is an intermediate holding company wholly owned by MCBG and all its subsidiaries have their own audit committee. The directors of the Company are appraised at board meetings of all material matters reported by the audit committees of the subsidiaries. Furthermore, all audit-related issues of MCBIH, which is an intermediate holding company with no operations, are taken up at the level of the Audit Committee of MCBG, which meets on a quarterly basis.
4	Disclosure of Directors' remuneration	Due to the sensitive nature of the information, the executive director's remuneration and fees have not been disclosed.
7	Internal Audit function	The Company being an intermediate holding company with all its subsidiaries having an internal audit function, the requirement for an internal audit function at the level of the holding is not considered as relevant. Furthermore, the directors of the Company are appraised at board meetings of all material matters reported by the internal audit functions and audit committees of the subsidiaries from the director(s) attending the audit committee and / or board meetings of the subsidiaries.

## MCB INVESTMENT HOLDING LIMITED

### CORPORATE GOVERNANCE REPORT

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#### 1.2 Statement of Compliance (Cont'd)

The board of directors will regularly reassess the requirements of the Code to ensure that the Company remains compliant thereto in all material aspects.

#### 1.3 Constitutive documents or Charter documents

##### 1.3.1 Board Charter

The Board Charter has been duly approved by the Board and is reviewed by the latter on a regular basis. The Charter provides for delegation of authority and clear lines of responsibility with a reporting mechanism whereby matters affecting the affairs and reputation of the Company are duly escalated to the Board of the Company and to the Board of the ultimate holding company by the Chairperson.

##### 1.3.2 Organisation Structure

As MCBIH is an intermediate holding company with no operations, the Chief Executive Officer works closely with the management team of the subsidiaries together with the support of a small team of professionals based centrally in order to accompany the subsidiaries in the achievement of their objectives.

##### 1.3.3 Position Statements

Position Statements have also been approved by the Board and provides a clear definition of the roles and responsibilities of the Chairperson, Chief Executive Officer and Company Secretary.

##### 1.3.4 Statement of Main Accountabilities

The Board is responsible and accountable for the long-term success of the Company and as such has approved and set the main accountabilities of the Chief Executive Officer ("CEO") and the Board collectively as follows:

	Main Accountabilities
Chairperson	<ul style="list-style-type: none"><li>• Provides overall leadership to the Board</li><li>• Ensures that the Board is effective in its tasks of setting and implementing the Company's direction and strategy</li><li>• Ensures that the development needs of the directors are identified and appropriate training is provided to continuously update their skills and knowledge.</li><li>• Maintains sound relations with the shareholders</li></ul>
Board	<ul style="list-style-type: none"><li>• Ensures compliance by the Company with applicable legislation, regulation and policies.</li><li>• Sets the Company's direction and strategy.</li><li>• Safeguards the assets of the Company.</li><li>• Ensures long term interests of the shareholder are being served.</li></ul>
CEO	<ul style="list-style-type: none"><li>• Oversees the implementation of long and short term plans of MCBIH and its subsidiaries in line with its strategy</li><li>• Ensures efficient utilization of resources</li><li>• Sets direction and oversees operations</li></ul>



## MCB INVESTMENT HOLDING LIMITED

### CORPORATE GOVERNANCE REPORT

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|  | <ul style="list-style-type: none"><li>Assesses the principal risks of the Company and its subsidiaries and ensures that they are being monitored and managed</li></ul> |
|--|--|

#### 1.3.5 Material Clauses of the Constitution

The salient features of the Constitution are highlighted below:

##### Pre-emptive provisions:

- Save and except when the shares are purchased by the Company, no share in the capital of the Company shall be sold or transferred by any Shareholder unless and until the rights of pre-emption have been exhausted.

##### Reserved matters:

The Constitution of MCB Investment Holding Limited provides for reserved matters. These provide that the representatives of the shareholders shall not vote on a shareholders' resolution of The Mauritius Commercial Bank Ltd which would trigger shareholders' rights under sections 105,108 or 114 of the Act without prior consent of the shareholders of MCB Group Limited. Such shareholders' resolution includes:

- adoption of a Constitution or the alteration or revocation of the Constitution;
- reduction of the stated capital of the Company under section 62 of the Act;
- approval of a major transaction;
- approval of an amalgamation of the Company under section 246 of the Act;
- putting the Company into liquidation; *and*
- variation of rights attached to a class of shares.

## 2. THE BOARD STRUCTURE

### 2.1 Board and Chairperson roles and responsibilities

The Board structure is unitary with a mix of executive, non-executive and independent directors. All the members of the Board possess the necessary knowledge, skills, objectivity, intellectual honesty, integrity, experience and commitment to make sound judgements on the key issues relevant to the business of the Company, independent of management and to protect the interests of shareholders, clients and other stakeholders.

The Chairperson's primary role is to ensure that the Board is effective in its tasks of setting and implementing the Company's direction and strategy. The Chairperson also ensures that appropriate policies and procedures are in place for the effective management of the Company.

Mr Jean-François Desvaux de Marigny has been elected Chairperson in replacement of Mr Pierre Guy Noël who resigned from the Board on 25 September 2020. The external obligations of the Chairperson have in no way hindered the discharge of his duties and responsibilities.

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### CORPORATE GOVERNANCE REPORT

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#### 2.2 Composition of the Board

The Board examines the size, composition and the essential competencies of its members regularly to ensure that there is an appropriate balance of skill, experience and knowledge on the Board to carry out its duties and responsibilities effectively. The Board comprises of three members as detailed below:

Name	Title	Category	Gender	Country of Residence
Jean-François DESVAUX DE MARIGNY	Chairperson	Non-Executive	Male	Mauritius
Jean Michel NG TSEUNG	Director	Executive	Male	Mauritius
Margaret Wong Ping Lun	Director	Independent	Female	Mauritius

Mr. Pierre Guy NOEL was also a director of the Company until 25 September 2020.

Mr Jean Michel NG TSEUNG is also a director of MCBG, the holding company.

The size of the Board and its level of diversity is commensurate with the size of the Company which is an intermediate holding company and has no operations.

The Board does not consider it practical to have at least two executive directors and two independent directors as members of the Board given the nature of the activities of the Company and its number of employees.

#### 2.3 Profile of Directors

A brief profile of each director along with their directorships is set out below:

##### (i) Pierre Guy Noël, Non-Executive Director and Chairperson (until 25 September 2020)

Pierre Guy holds a BSc (Honours) in Economics from the London School of Economics and Political Science and is a Fellow of the Institute of Chartered Accountants in England and Wales. From 1981 to 1991, Pierre Guy worked at De Chazal Du Mée & Co. where he became a partner in financial consultancy. He joined MCB in 1992 as Planning and Development Consultant before being appointed General Manager of the Bank in 1996. Following the organisation's restructuring, he became the Chief Executive of MCB Group Ltd in April 2014. He is a Board member of several companies within the Group, acting either as Chairperson or Director. He was appointed to the Board of MCB Ltd in 2005 and was a Director thereof until March 2014 when he joined the Board of MCB Group Ltd following the Group's restructuring exercise.

Directorship in listed companies

MCB Group Limited, Compagnie Des Villages De Vacances De L'Isle De France Limitée

##### (ii) Jean-François Desvaux de Marigny, Non-Executive Director (Chairperson as from 25.09.2020)

Fellow of the Institute of Chartered Accountants in England and Wales, Jean-François has accumulated wide-ranging experience in the banking and financial sector, having worked as an Auditor in Europe for

## MCB INVESTMENT HOLDING LIMITED

### CORPORATE GOVERNANCE REPORT

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several years before joining MCB in 1986. During his career at the Bank, he shouldered various high-level responsibilities in his capacity as Head of Finance, Company Secretary and Deputy Chief Executive, amongst others. He has participated actively in the development of MCB's regional network and was also involved in the launching of the Stock Exchange of Mauritius in 1989. He is currently a director of several companies within the MCB Group. He was an executive director of the MCB Ltd from 2013 to 2015, re-appointed as non-executive director and Chairperson of the Board in December 2018.

Directorship in listed companies

Attitude Property Ltd

#### **(iii) Jean Michel Ng Tseung, Executive Director and Chief Executive Officer**

Holder of a BSc (Honours) in Mathematics from Imperial College of Science and Technology and member of the Institute of Chartered Accountant in England and Wales, Jean Michel joined MCB Ltd in January 2004 and was Head of Corporate of the Bank until July 2015, when he was appointed Chief Executive Officer of MCB Investment Holding Ltd. He trained as a Chartered Accountant with Arthur Andersen in London before becoming Partner and Head of the Audit and Business Advisory Department of De Chazal Du Mée and subsequently of Ernst & Young in Mauritius. He is currently a Board member of several companies within the Group.

Directorship in listed companies

MCB Group Limited

#### **(iv) Margaret Wong Ping Lun, Independent Director (as from 25.09.2020)**

Margaret holds a BA (Hons) in Business Studies (UK) and is a Fellow of the Institute of Chartered Accountants in England and Wales. Prior to her retirement in 2019 as lecturer in Accounting and Finance at the University of Mauritius, she was a Senior Manager at De Chazal Du Mée's Consultancy Department. She was a former member of the Listing Executive Committee of the Stock Exchange of Mauritius Ltd. She was appointed to the Board of MCB Ltd in 2004 and was a Director thereof until March 2014, after which she joined the Board of MCB Group Ltd following the restructuring of the Group, until November 2019. She currently serves the Board of various subsidiaries of the MCB Group as Chairperson or Director.

Directorship in listed companies:

Compagnie Des Villages De Vacances De L'Isle De France Limitée, Terra Mauricia Ltd, Fincorp Investment Ltd

### **2.4 Company Secretary**

The Company Secretary is MCB Group Corporate Services Ltd a private company incorporated in Mauritius with registered office 9-15 Sir William Newton Street, Port Louis. All board members have access to the Company Secretary for information relating to the Board matters.

### **2.5 Board Attendance**

Board meetings are held on a quarterly basis but may be convened at any time in case urgent matters need to be discussed.

## MCB INVESTMENT HOLDING LIMITED

### CORPORATE GOVERNANCE REPORT

No of Meetings held during the year	4
<b>Directors</b>	
Mr Pierre Guy Noël up to 25.09.2020	1/1
Mr Jean-François Desvaux de Marigny	4
Mr Jean Michel Ng Tseung	4
Mrs Margaret Wong Ping Lun as from 25.09.2020	3/3

#### 2.6 Board Committees

The Company is an intermediate holding company wholly owned by MCBG and all its subsidiaries have their own audit and risk committees. The directors of the Company are appraised at board meetings of all material matters reported by the audit and risk committees of the subsidiaries from the director(s) attending the audit committees, risk committees and / or the board meetings of the subsidiaries. Furthermore, all audit-related and risk-related issues of MCBIH, which is an intermediate holding company with no operations, and its subsidiaries, are taken up at the level of the Audit Committee or of the Risk Committee of MCBG, which meet on a quarterly basis.

#### 3. DIRECTORS APPOINTMENT PROCEDURES

##### 3.1 Directors' Selection

The Remuneration, Corporate Governance Ethics and Sustainability Committee (RCGESC) of MCB Group Limited identifies suitable candidates for the Board of the Company after determining whether the potential candidates have the required criteria it has established. The RCGESC then proposes the selected candidates to the Board of the Company for review and approval.

##### 3.2 Election and Re-election of Directors

All directors are re-elected each year at the Annual Meeting of Shareholders.

##### 3.3 Induction of new Directors

The new directors are given an induction pack, which comprises the constitutive documents and the minutes of the last meeting of the Board. An introductory meeting is organised with the CEO to explain the business activities of the Company and its governing policies.

The Chairperson, the CEO as well as the Company Secretary are readily available to answer any queries that the newly appointed directors may have with respect to the Company.

The programme meets the specific needs of both the Company and the newly appointed directors and enable the latter to participate actively in Board's discussion.

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### **CORPORATE GOVERNANCE REPORT**

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#### **3.4 Professional Development**

The Chairperson regularly reviews and comes to an agreement with each director, if necessary, on his or her training and development needs. Upon request from the directors, the Company shall provide the necessary resources for developing and updating its directors' knowledge and capabilities.

#### **3.5 Succession Planning**

MCBG is one of the largest group of companies in Mauritius with a large pool of talent with different skills, academic and professional qualifications, and expertise in various fields of business. The MCB Group strategy includes the recognition and fostering of talents within executive and management levels across the Group thus ensuring that opportunities are created to develop current and future leaders. The Board assumes the responsibilities for succession planning.

#### **3.6 Time Commitment**

Each director is expected to devote sufficient time and attention to the affairs of the Company. The Company anticipates a time commitment of around 2 days per year. This will include attendance at Board meetings, Board committees (if applicable), the Annual Meeting of Shareholders and meetings as part of the Board evaluation process and training and development programmes. There is always the possibility of additional time commitment in respect of ad hoc matters that may arise from time to time, and particularly when the Company is undergoing a period of increased activity.

In addition to the above, the directors devote additional time sitting on the board and board committees of the subsidiaries of MCBIH.

### **4. BOARD PERFORMANCE AND EVALUATION**

#### **4.1 Legal duties of Directors**

The directors are aware of their legal duties under the Act and other relevant legislations. They exercise the required standard degree of care, skill and diligence which a reasonably prudent and competent director in such position would exercise.

#### **4.2 Remuneration Philosophy**

The Board reviews the adequacy of the directors' and senior executives' remuneration and recommendations are made accordingly to the RCGESC of the MCB Group Ltd.

The RCGESC of MCB Group Ltd is responsible for the setting up and development of the Group's general policy concerning the remuneration of directors. MCBG lays significant emphasis on appointing the right people with the relevant skills and appropriate behaviours and rewarding them, in line with market practice.

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#### 4.3 Directors' Remuneration

The Directors' fees and remuneration are in accordance with market rates and the amount paid to non-executive directors is as follows:

Director	Amount (MUR)
Jean-François Desvaux de Marigny	
• In relation to the Company	110,000
• In relation to the Subsidiaries	540,000
Margaret Wong Ping Lun	50,000

The non-executive directors who are already in executive positions within the MCB Group do not receive additional remuneration as Board members, in line with the Group's policy.

The executive director's fees and remuneration have not been disclosed due to the sensitive nature of the information.

Non-executive directors have not received remuneration in the form of share options or bonuses associated with organizational performance.

#### 4.4 Directors' interests in shares

The directors do not hold shares in the Company directly or through any associate (as defined under the Listing Rules of the Stock Exchange of Mauritius).

#### 4.5 Directors' service contracts

There are no fixed term contracts or service contracts between the Company and the directors.

#### 4.6 Related Party Transactions

Related party transactions have been conducted in accordance with the Conflicts of interest and Related Party Transaction Policy and the Code of Ethics. For related party transactions, please refer to note 17 of the Financial Statements.

#### 4.7 Policies of the Company

The following policies of the holding company, MCBG, which is reviewed on a regular basis by MCBG, have been adopted by the Company:

##### Whistleblowing

The Whistleblowing Policy of MCBG provides the employees with a reporting channel on suspected misconduct or malpractice within the Company without the risk of subsequent victimization or

## **MCB INVESTMENT HOLDING LIMITED**

### **CORPORATE GOVERNANCE REPORT**

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discrimination. The policy outlines the complaint handling and reporting processes to improve transparency.

#### **Code of Ethics**

This code has been devised to provide directors and employees of each business clusters regrouped under the MCB Group Limited, the required information on how to always conduct business with the highest levels of integrity. Compliance with the Code of Ethics is regularly monitored and evaluated by the Board.

#### **Conflicts of interest and Related Party Transaction Policy**

The objective of the policy is to define the scope of conflicts of interest and related party transactions conducted by the Directors and Senior officers of MCB Group Limited and its subsidiaries (collectively the "Group") and to set out prudent rules and limits for granting credit (referred as 'Credit Exposure') to related parties.

#### **4.8 Information Governance**

The Board oversees information governance within the organization. The Information, Information Technology and Information Security Governance Policy of the MCB Group applies to all the subsidiaries of the Group. All policies relating to information security are made accessible to all the employees of the Group without restriction via its intranet system. Appropriate governance arrangements are in place whereby the IT function and function responsible for monitoring adherence to Information Risk and IT are kept separate. Furthermore, the Group lays due emphasis on the confidentiality, integrity, availability and protection of information, backed by an adapted information and information technology (IT) systems. The Group ensures that access to information is only available to authorised parties while having physical and logical access controls in place at all times and staff are regularly made aware, through fitting communication channels, of relevant requirements.

#### **4.9 Register of Interest**

An interest's register is maintained by the Company Secretary and is available for consultation by the shareholder upon request.

#### **4.10 Board, Committees and Directors' Performance**

The Board acknowledges the need of regularly reviewing the performance and effectiveness of the Board, its Committees and its Directors and resolved to carry out an evaluation exercise every three years. An assessment was effected internally with respect to the financial year 2020/2021 by means of a questionnaire filled by each Director to assess the Board's effectiveness and whether directors continue to discharge their respective duties effectively. The questions were categorized as follows:

- Structure of the Board
- Board efficiency and effectiveness

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### **CORPORATE GOVERNANCE REPORT**

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- Strategy and performance
- Risk management and Governance
- Director's self-assessment
- Chairperson's appraisal

A few recommendations for improvement were identified and these have been duly considered by the Board. No significant action has to be taken as a result of the evaluation.

#### **5. RISK GOVERNANCE AND INTERNAL CONTROL**

The Board is responsible for risk management, the procedures in place within the organisation and the definition of the overall strategy for risk tolerance.

The Company's policy on risk management encompasses all significant business risks including physical, operational, human resources, technology, business continuity, financial, compliance and reputational which could influence the achievement of the Company's objectives.

Given that the Company is an intermediate holding company, certain members of the board of the Company sit on the risk management committees, audit committees, asset and liability committees or the boards of the subsidiaries of the Company. Any material matters arising out of these committees or boards pertaining to risk management, compliance or internal control issues of the subsidiaries are reported and discussed at the board of the Company.

The risk management mechanisms in place include:

- a system for the ongoing identification and assessment of risk;
- development of strategies in respect of risk and definition of acceptable and non-acceptable levels of risk;
- reviewing the effectiveness of the system of internal control; and
- processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined by the Board.

At the company level, the key residual risks are strategic, legal, regulatory, reputational, operational and financial risks. The Board is ultimately responsible for these matters and delegates the ongoing tasks to management.

Strategic risks are risks associated with the type of business-level strategy adopted by the Company in the pursuit of its strategic objectives and growth opportunities. The Company mitigates this risk through an ongoing review of strategic matters by the Group.

Legal risks are managed by the Board, taking advice from the Company's legal advisor where appropriate. The Board also takes out appropriate insurance cover.

Regulatory and reputational risks are managed by the Board and involves the setting out of proper processes and procedures in order to ensure compliance with all legal and regulatory frameworks.



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Operational risks pertain to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events and are managed by the Board.

The identification and management of the financial risks are discussed in note 5 to the Financial Statements.

The Board is satisfied regarding the implementation, operation and effectiveness of internal control and risk management.

During the financial year under review, no risk or deficiency has been noted in the organisation's system of internal controls.

#### **6. REPORTING WITH INTEGRITY**

MCBIH has been incorporated as a fully owned subsidiary of MCBG in November 2013 to hold investments in banking corporations within and outside the Republic of Mauritius. It is the intermediate holding company of the banking subsidiaries of the MCB group.

The Board approved the issue of 200,000,000 ordinary shares of no par value to its sole shareholder (MCBG) for a consideration of Rs. 2 billion on 5 May 2021. Following the issue of the shares on 29 June 2021, MCBIH's stated capital amounted to Rs. 8,879,602,470 made up of 887,960,247 ordinary shares. The proceeds of the share issue were used to invest in a rights issue of its wholly owned subsidiary (The Mauritius Commercial Bank Limited).

##### **6.1 Health and Safety Issues**

The Company is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders.

The health and safety of staff and visitors is paramount and all reasonable measures are taken to ensure a sound and healthy working environment.

The Company is an equal opportunity employer and does not discriminate in any way with regard to race, religion or gender. All employment opportunities are openly advertised and the selection process involves the whole staff.

##### **6.2 Corporate Social Responsibility**

Total contribution with respect to Corporate Social Responsibility ("CSR") amounted to Rs. 73 out of which Rs. 36-were transferred to the MCB Forward Foundation, the entity set up within the MCB Group for CSR purposes and the difference submitted to the Mauritius Revenue Authority in accordance with prevailing legislations.

##### **6.3 Charitable Donation**

No donation was made by the Company during the period under review.

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#### **6.4 Political Donation**

The Company did not make any political donations during the year ended June 30, 2021.

#### **6.5 Documents available on the Website**

The Board of directors is pleased to announce that the following documents amongst others which have been approved by the Board can be viewed on the Website:

- The full Annual Report of the Company including the financial statements;
- The Constitution;
- The Board Charter;
- The Code of Ethics;
- The Conflicts of interests and related party transactions policy;
- The Information, information technology and information security policy;
- The Position Statements of the Chairperson, the CEO and the Company Secretary;
- The Organization Structure;
- The Statement of major accountabilities within the organization;
- The Structure, organization and qualifications of the key members of the internal audit function;
- The Nomination and appointment process;
- Profile of the Directors;
- Profile of the Company Secretary.

## **7. AUDIT**

### **7.1 Internal Audit**

The Company being an intermediate holding company with all its subsidiaries having an internal audit function, the requirement for an internal audit function at the level of the holding is not considered as relevant. Furthermore, the directors of the Company are apprised at board meetings of all material matters reported by the internal audit functions and audit committees of the subsidiaries by the director(s) attending the audit committee and / or board meetings of the subsidiaries.

The need to have an internal audit function has been reviewed by the Board during the financial year under review and the Board considered that an internal audit function is not relevant presently.

### **7.2 External Auditor**

The Audit Committee of MCB Group Ltd ("Audit Committee") recommends the appointment of External Auditors for all the subsidiaries of MCB Group including MCBIH on a yearly basis, after having reviewed the Audit Plan presented by the External Auditors.

The Audit Committee also evaluates the performance of the External Auditor and reviews the integrity, independence and objectivity of the External Auditor by:

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- confirming that the External Auditor is independent from the Company
- considering whether the relationships that may exist between the Company and the External Auditor impair the External Auditor's judgement

Upon approval from the Audit Committee, the Board of MCBIH thereafter recommends the appointment of External Auditor to the shareholders at the Annual Meeting of shareholders for approval by way of an ordinary resolution. Deloitte Mauritius has been appointed as external auditors at the Annual Meeting of Shareholders held on 25 September 2020 in replacement of PricewaterhouseCoopers (PwC), which held office since 2015.

#### 7.3 Auditor's Fees

The fees payable to the auditor, for audit and other services for the last 2 years were:

	2021	2020
	Rs.	Rs.
Audit fees:		
–Deloitte	100,000	-
– PwC	-	97,000

The auditor did not receive any fees for other services.

#### 8. RELATIONS WITH THE SHAREHOLDER AND OTHER KEY STAKEHOLDERS

The shareholder is kept properly informed on matters affecting the Company as the shareholder is fairly represented on the Board. The Annual Meeting of Shareholder is held in accordance with the Companies Act and upon consultation with the shareholder. Notices for the annual meeting and other shareholder meetings are duly sent to the shareholder.

The website of MCB Group Ltd, MCBIH's holding company, is used to provide relevant information to other stakeholders. Open lines of communication are maintained to ensure transparency and optimal disclosure.

##### 8.1 Shareholders Agreement Affecting The Governance of the Company by the Board

There is currently no such agreement.

##### 8.2 Major Transaction

No Major transaction as defined under section 130(2) of the Act was undertaken.

##### 8.3 Third Party Management Agreement

No such agreement presently exists.

##### 8.4 Shareholders Holding more than 5% of the Company

The Company is wholly owned by MCBG.

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#### **8.5 Share Option Plan**

No such scheme currently exists within the Company.

#### **8.6 Timetable of important events**

The Board aims to hold board meetings on a quarterly basis.

#### **8.7 Dividend Policy**

The Company intends to distribute any excess cash as dividends, subject to its overall capital requirements, liquidity and profitability.

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

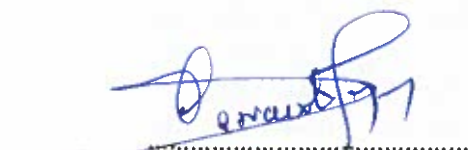
The directors collectively as a Board acknowledge their responsibilities for the following and state that:

- (i) the financial statements fairly present the state of affairs of the Company as at the end of the financial year and the result of operations and cash flows for the period;
- (ii) adequate accounting records and effective internal control systems and risk management have been maintained;
- (iii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iv) the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), the Companies Act 2001 and the Financial Reporting Act 2004;
- (v) the financial statements have been prepared on a going concern basis;
- (vi) they are responsible for safeguarding the assets of the Company;
- (vii) they are responsible for leading and controlling the organization and meeting all legal and regulatory requirements;
- (viii) they have taken reasonable steps for the prevention and detection of fraud and other irregularities.

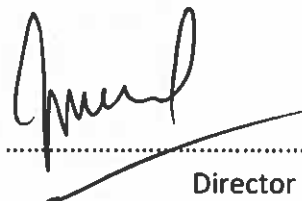
The external auditor is responsible for reporting on whether the financial statements are fairly presented.

Having taken all the matters considered by the Board and brought to the attention of the Board during the year into account, we are satisfied that the annual report and accounts taken as a whole are fair, balanced and understandable.

For and on behalf of the Board of Directors:



Director



Director

Date: 28 September 2021

**MCB INVESTMENT HOLDING LIMITED**

**STATEMENT OF COMPLIANCE FOR THE YEAR ENDED JUNE 30, 2021**

**STATEMENT OF COMPLIANCE**

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


Name of Public Interest Entity : MCB Investment Holding Limited

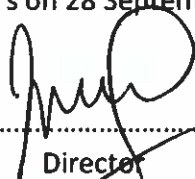
Reporting Period : 1 July 2020 to 30 June 2021

We, the directors of MCB Investment Holding Limited, confirm to the best of our knowledge that the Company has not complied with certain Principles of the Code. Reasons for non-compliance are set out below.

Principles	Sections relating to	Reasons for non-compliance
2	Organisations should have at least an Audit Committee	The Company is an intermediate holding company wholly owned by MCBG and all its subsidiaries have their own audit committee. The directors of the Company are appraised at board meetings of all material matters reported by the audit committees of the subsidiaries by the director(s) attending the audit committee or board meetings of the subsidiaries. Furthermore, all audit-related issues of MCBIH, which is an intermediate holding company with no operations, are taken up at the level of the Audit Committee of MCBG, which meets on a quarterly basis.
4	Disclosure of Directors' remuneration	Due to the sensitive nature of the information, the executive director's remuneration and fees have not been disclosed.
7	Internal Audit function	The Company being an intermediate holding company with all its subsidiaries having an internal audit function, the requirement for an internal audit function at the level of the holding is not considered as relevant. Furthermore, the directors of the Company are appraised at board meetings of all material matters reported by the internal audit functions and audit committees of the subsidiaries by the director(s) attending the audit committee or board meetings of the subsidiaries.

Signed for and on behalf of the Board of Directors on 28 September 2021.

  
.....  
Chairman

  
.....  
Director

**Independent auditor's report to the Shareholder of  
MCB Investment Holding Limited**

**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of MCB Investment Holding Limited (the "Company") set out on pages 23 to 37, which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Matter**

The financial statements of MCB Investment Holding Limited for the year ended 30 June 2020 were audited by another auditor, who expressed an unmodified opinion on 25 September 2020.

**Other information**

The directors are responsible for the other information. The other information comprises the Commentary of the Directors, the Corporate Governance Report, Statement of Compliance, and the Certificate from the Company's Secretary, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Corporate Governance Report**

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

**Responsibilities of directors for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Independent auditor's report to the Shareholder of  
MCB Investment Holding Limited (cont'd)**

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

**Report on other legal and regulatory requirements**

***Mauritius Companies Act 2001***

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

**Use of this report**

This report is made solely to the Company's shareholder, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder, for our audit work, for this report, or for the opinions we have formed.



**Deloitte**

**Chartered Accountants**

**28 September 2021**



**Twaleb Butonkee, FCA**

**Licensed by FRC**

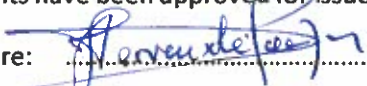


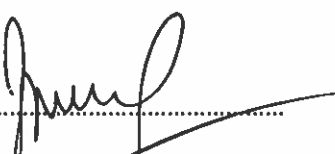
**MCB INVESTMENT HOLDING LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

<b>ASSETS</b>	<b>Notes</b>	<b>2021</b>	<b>2020</b>
		<b>Rs'000</b>	<b>Rs'000</b>
<b>Non-current assets</b>			
Investment in subsidiaries	6	9,448,825	7,448,825
Equipment	7	1,349	2,227
		<u>9,450,174</u>	<u>7,451,052</u>
<b>Current assets</b>			
Other receivables	8	2,004,947	11
Deferred tax assets	9	31	-
Cash and cash equivalents		322	20,119
		<u>2,005,300</u>	<u>20,130</u>
<b>Total assets</b>		<u><b>11,455,474</b></u>	<u><b>7,471,182</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserve</b>			
Stated capital	10	8,879,602	6,879,602
Retained earnings		589,680	591,010
<b>Total equity</b>		<u><b>9,469,282</b></u>	<u><b>7,470,612</b></u>
<b>Current liabilities</b>			
Payables	11	6,161	411
Current tax liabilities	12	31	16
Deferred tax liabilities	9	-	143
Proposed dividend	13	1,980,000	-
<b>Total liabilities</b>		<u><b>1,986,192</b></u>	<u><b>570</b></u>
<b>Total equity and liabilities</b>		<u><b>11,455,474</b></u>	<u><b>7,471,182</b></u>

These financial statements have been approved for issue by the board of directors on 28 September 2021.

Signature:  )  
 Name: ..... ) **DIRECTORS**

Signature:  )  
 Name: .....

The notes on pages 27 to 37 form an integral part of these financial statements.

Auditor's report on pages 21 to 22.

**MCB INVESTMENT HOLDING LIMITED****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Notes</b>	<b>2021</b>	<b>2020</b>
		<b>Rs'000</b>	<b>Rs'000</b>
<b>Revenue</b>		<b>2,004,946</b>	<b>1,857,512</b>
Dividend income	14	2,000,000	1,857,493
Profit/(Loss) on exchange		440	(1,144)
Other income	15	4,946	19
Expenses		(26,874)	(32,627)
Profit before tax		1,978,512	1,823,741
Income tax credit	16	158	84
Profit for the year		1,978,670	1,823,825
Other comprehensive income		-	-
<b>Total comprehensive income for the year attributable to owners of the company</b>		<b>1,978,670</b>	<b>1,823,825</b>

The notes on pages 27 to 37 form an integral part of these financial statements.

Auditor's report on pages 21 to 22.

**MCB INVESTMENT HOLDING LIMITED****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021**

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	Note	Stated Capital Rs'000	Retained Earnings Rs'000	Total Equity Rs'000
<b>Balance at 01 July 2019</b>		<b>6,879,602</b>	<b>659,076</b>	<b>7,538,678</b>
Total comprehensive income for the year		-	1,823,825	1,823,825
Dividends	13	-	(1,891,891)	(1,891,891)
<b>Balance at 30 June 2020</b>		<b>6,879,602</b>	<b>591,010</b>	<b>7,470,612</b>
Total comprehensive income for the year		-	1,978,670	1,978,670
Rights issue		2,000,000	-	2,000,000
Dividends	13	-	(1,980,000)	(1,980,000)
Transactions with owners		2,000,000	(1,980,000)	20,000
<b>Balance at 30 June 2021</b>		<b>8,879,602</b>	<b>589,680</b>	<b>9,469,282</b>

The notes on pages 27 to 37 form an integral part of these financial statements.

Auditor's report on pages 21 to 22.

**MCB INVESTMENT HOLDING LIMITED**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 Rs'000	2020 Rs'000
<b>Cash flows from operating activities</b>			
Profit before tax		1,978,512	1,823,741
<b>Adjustments for:</b>			
Depreciation		1,148	1,094
<b>Operating profit before working capital changes</b>		<b>1,979,660</b>	<b>1,824,835</b>
<b>Movement in working capital:</b>			
- Other receivables		(2,004,936)	1,606,219
- Payables		5,750	199
<b>Net cash from operations</b>		<b>(19,526)</b>	<b>3,431,253</b>
Tax paid	12	(1)	(2,931)
<b>Net cash (used in)/from operating activities</b>		<b>(19,527)</b>	<b>3,428,322</b>
<b>Cash flow from investing activities</b>			
Purchase of equipment		(270)	(93)
Investment in subsidiary		(2,000,000)	-
<b>Net cash used in investing activities</b>		<b>(2,000,270)</b>	<b>(93)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		2,000,000	-
Dividend paid		-	(3,508,598)
<b>Net cash from/(used in) financing activities</b>		<b>2,000,000</b>	<b>(3,508,598)</b>
Decrease in cash and cash equivalents		(19,797)	(80,369)
Net cash and cash equivalents at 01 July		20,119	100,488
<b>Net cash and cash equivalents at 30 June</b>		<b>322</b>	<b>20,119</b>

The notes on pages 27 to 37 form an integral part of these financial statements.

Auditor's report on pages 21 to 22.

## MCB INVESTMENT HOLDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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#### 1. GENERAL INFORMATION

MCB Investment Holding Limited (the "Company") is a private company incorporated and domiciled in Mauritius.

The address of its registered office is situated at 9-15, Sir William Newton Street, Port Louis. The Company was incorporated on 4th November 2013. It is a wholly owned subsidiary of MCB Group Limited (the "Group") and acts as the intermediate holding of the Group's banking cluster.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

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

##### (a) Basis of preparation

The Company's financial statements comply with the Mauritian Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRSs).

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

These financial statements are those of an individual entity.

The financial statements are prepared under the historical cost convention.

##### Changes in accounting policy and disclosures

###### (i) Application of new and revised international financial reporting standards (IFRSs)

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2020.

Amendments to References to the Conceptual Framework in IFRS Standards (Annual periods beginning on or after 1 January 2020)

- IAS 1 Presentation of Financial Statements - Amendments regarding the definition of material (Annual periods beginning on or after 1 January 2020)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors- Amendments regarding the definition of material (Annual periods beginning on or after 1 January 2020)
- IFRS 7 Amendments regarding pre-replacement issues in the context of the IBOR reform (Annual periods beginning on or after 1 January 2020)
- IFRS 9 Financial Instruments- Amendments regarding pre-replacement issues in the context of the IBOR reform (Annual periods beginning on or after 1 January 2020)
- IAS 39 Financial Instruments: Recognition and Measurement- Amendments regarding pre-replacement issues in the context of the IBOR reform (Annual periods beginning on or after 1 January 2020)

## MCB INVESTMENT HOLDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

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#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (ii) New and revised Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter) – (Annual periods beginning on or after 1 January 2022)
- IAS 1 Classification of Liabilities as Current or Non-current (effective 1 January 2023)
- IAS 8 Amendments regarding the definition of accounting estimates- (Annual periods beginning on or after 1 January 2023)
- IFRS 7 Amendments regarding replacement issues in the context of the IBOR reform (Annual periods beginning on or after 1 January 2021)
- IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022)

#### (b) Foreign Currency Translation

##### (i) Functional and presentation currency

These financial statements are prepared in Mauritian Rupees (Rs' 000), which is the Company's functional and presentation currency. Except as indicated, financial information presented in Mauritian rupees has been rounded to the nearest thousand.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### (c) Investment in subsidiaries

A subsidiary is an entity which the Company controls. The Company controls an investee if it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company performs a reassessment of control whenever there is a change in the substance of the relationship between the Company and an investee. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Investment in subsidiaries are carried at cost which is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquirer. Acquisition-related costs are generally recognised in profit or loss

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(c) Investment in subsidiaries (continued)**

as incurred. The carrying amount is reduced to recognise any impairment in the value of individual investment. The impairment loss is taken to profit or loss.

**(d) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less.

**(e) Stated capital**

Ordinary shares are classified as equity.

**(f) Equipment**

Plant and equipment are carried at cost less accumulated depreciation.

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

Computer and other equipment 5-10 years

Motor Vehicles 5 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

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

**(g) Assets carried at amortised costs**

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost comprised of cash and cash equivalents. At initial recognition, these assets are carried at fair value and subsequently measured at amortised cost.

The Company shall recognise a loss allowance for expected credit losses on financial assets carried at amortised cost. If the credit risk has increased significantly since initial recognition, the loss allowance shall be an amount equal to the lifetime expected credit losses. However, if the credit risk has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Impairment of non-financial assets**

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**(i) Trade and other payables**

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

**(j) Revenue recognition**

Revenue comprises of dividend income. Dividend income is recognised when the shareholder's right to receive payment is established.

**(k) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

**(l) Dividend distribution**

Dividend distribution to the Company's shareholder is recognised as a liability in the financial statements in the period in which the dividends are declared.

**(m) Current income tax**

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

In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**Current tax**

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

**Deferred Tax**

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially



**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Current income tax (continued)**

enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

The Company makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**Asset lives and residual values**

Equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

**4. FAIR VALUE ESTIMATION**

The nominal value less estimated credit adjustments of receivables and payables are assumed to approximate their fair values due to their short term nature.

**5. FINANCIAL RISK MANAGEMENT**

The Company's financial assets - cash and cash equivalents and other receivables - are classified as 'financial assets at amortised cost' and the financial liabilities - payables are classified as 'financial liabilities at amortised cost'.

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management

**5. FINANCIAL RISK MANAGEMENT (continued)**

programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the board of directors by identifying and evaluating financial risks. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk and investment of excess liquidity.

**(a) Market risk**

**(i) Foreign exchange risk**

The Company is exposed to foreign exchange risk arising from various bank accounts denominated in foreign currencies. At year-end, the impact of any currency fluctuation was not significant to the Company.

**(ii) Interest rate risk**

The Company's interest rate risk arises from balance with banks which carry variable interest rate. At year-end, the impact of any fluctuation in interest rate was not significant to the Company.

**(b) Credit risk**

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

Credit risk arises from other receivables and cash and cash equivalents. Cash transactions are limited to high credit quality financial institution. Other receivables comprise of dividends receivable from subsidiaries which have been settled after year end.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The company prepares rolling forecasts of the monthly cashflows every quarter in order to ensure that it has sufficient liquid assets to meet its financial commitments as and when they fall due.

At year-end, all financial liabilities are due for repayment within less than 12 months after year-end.

**(d) Capital management**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for the shareholder and benefit for other stakeholders.

The directors consider the shareholder's equity as capital. In order to maintain or adjust the capital structure, the Company may adjust the shareholding or issue new shares.

**MCB INVESTMENT HOLDING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)**

**6. INVESTMENT IN SUBSIDIARIES**

(a) Movement in investment in subsidiaries

	2021	2020
	Rs'000	Rs'000
At 01 July	7,448,825	7,448,825
Addition during the year	2,000,000	-
At 30 June	<u>9,448,825</u>	<u>7,448,825</u>

The Company invested in the Mauritius Commercial Bank Limited (MCB Ltd) which issued two hundred million (200,000,000) new Ordinary Shares of no par value at an issue price of ten rupees (Rs 10) per share for an amount of two billion rupees (Rs 2 Billion) ranking "pari passu" in all respects with the existing ordinary shares in the capital of MCB Ltd by way of a rights issue.

(b) Details of the subsidiaries are as follows:

Name	Nature of business	Principal place of business	Country of Incorporation	Percentage Holding Direct	Percentage Holding Indirect
The Mauritius Commercial Bank Limited	Banking and Financial services	Republic of Mauritius	Republic of Mauritius	100%	-
The Mauritius Commercial Bank (Seychelles) Limited	Banking and Financial services	Republic of Seychelles	Republic of Seychelles	100%	-
The Mauritius Commercial Bank (Maldives) Private Limited	Banking and Financial services	Republic of Maldives	Republic of Maldives	100%	-
The Mauritius Commercial Bank (Madagascar) SA*	Banking and Financial services	Republic of Madagascar	Republic of Madagascar	10%	80%

\* MCB Investment Holding Limited holds 10% directly in MCB Madagascar and 80% indirectly through its wholly owned subsidiary The Mauritius Commercial Bank Limited. Hence, the Company has an effective interest of 90% in The Mauritius Commercial Bank (Madagascar) SA.

The Company has taken advantage of paragraph 4 of IFRS10, 'Consolidated Financial Statements' which dispenses it from the need to present consolidated financial statements. Accordingly, the Company presents only separate financial statements. Its parent, MCB Group Limited, a company incorporated in

**MCB INVESTMENT HOLDING LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)****6. INVESTMENT IN SUBSIDIARIES (continued)**

the Republic of Mauritius, prepares consolidated financial statements that comply with International Financial Reporting Standards and which are available for public use.

A copy of the consolidated financial statements is available at the registered address of MCB Group Limited found at 9-15, Sir William Newton Street, Port Louis.

**7. EQUIPMENT**

	<b>Computer Equipment</b>	<b>Motor Vehicle</b>	<b>Total</b>
	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
<b>Cost</b>			
At 01 July 2019	377	5,000	5,377
Additions	93	-	93
At 30 June 2020	<b>470</b>	<b>5,000</b>	<b>5,470</b>
Additions	<b>270</b>	-	<b>270</b>
<b>At 30 June 2021</b>	<b>740</b>	<b>5,000</b>	<b>5,740</b>
<b>Accumulated depreciation</b>			
At 01 July 2019	149	2,000	2,149
Charge for the year	94	1,000	1,094
At 30 June 2020	<b>243</b>	<b>3,000</b>	<b>3,243</b>
Charge for the year	<b>148</b>	<b>1,000</b>	<b>1,148</b>
<b>At 30 June 2021</b>	<b>391</b>	<b>4,000</b>	<b>4,391</b>
<b>Net book value</b>			
<b>At 30 June 2021</b>	<b>349</b>	<b>1,000</b>	<b>1,349</b>
At 30 June 2020	227	2,000	2,227

**MCB INVESTMENT HOLDING LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)****8. OTHER RECEIVABLES**

	<b>2021</b>	<b>2020</b>
	<b>Rs'000</b>	<b>Rs'000</b>
Dividend receivable	<b>2,000,000</b>	-
Others	<b>4,947</b>	<b>11</b>
	<b>2,004,947</b>	<b>11</b>

The carrying amount of other receivables approximates their fair value.

**9. DEFERRED TAX ASSETS/(LIABILITIES)**

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	<b>2021</b>	<b>2020</b>
	<b>Rs'000</b>	<b>Rs'000</b>
<b>At 1 July</b>	<b>(143)</b>	<b>(252)</b>
Accelerated tax depreciation	<b>174</b>	<b>109</b>
<b>At 30 June</b>	<b>31</b>	<b>(143)</b>

**10. STATED CAPITAL**

	<b>Number of shares (thousands)</b>	<b>Total Rs'000</b>
<b>At 30 June 2020</b>	<b>687,960</b>	<b>6,879,602</b>
Rights issue	<b>200,000</b>	<b>2,000,000</b>
<b>At 30 June 2021</b>	<b>887,960</b>	<b>8,879,602</b>

Fully paid ordinary shares carry one vote per share and the right to dividend.

**11. PAYABLES**

	<b>2021</b>	<b>2020</b>
	<b>Rs'000</b>	<b>Rs'000</b>
Other payables	<b>6,161</b>	<b>411</b>

The carrying amount of other payables approximates their fair values due to their short term nature.

**MCB INVESTMENT HOLDING LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)****12. CURRENT TAX LIABILITIES**

	<b>2021</b>	<b>2020</b>
	<b>Rs'000</b>	<b>Rs'000</b>
<b>At 1 July</b>	<b>16</b>	<b>2,922</b>
Provision (including CSR)	16	25
Tax paid during the year	(1)	(2,931)
<b>At 30 June</b>	<b>31</b>	<b>16</b>

**13. DIVIDENDS**

	<b>2021</b>	<b>2020</b>
	<b>Rs'000</b>	<b>Rs'000</b>
Paid on 02 July 2021 at Rs 2.88 per share (12 Dec 2020: Rs 2.75)	<b>1,980,000</b>	<b>1,891,891</b>

**14. DIVIDEND INCOME**

	<b>2021</b>	<b>2020</b>
	<b>Rs'000</b>	<b>Rs'000</b>
Dividend income	<b>2,000,000</b>	<b>1,857,493</b>

**15. OTHER INCOME**

	<b>2021</b>	<b>2020</b>
	<b>Rs'000</b>	<b>Rs'000</b>
Support services	<b>4,946</b>	-
Others	-	19
	<b>4,946</b>	<b>19</b>

**16. INCOME TAX CREDIT**

(a) The tax charge included in the statement of profit or loss is as follows:

	<b>2021</b>	<b>2020</b>
	<b>Rs'000</b>	<b>Rs'000</b>
Income tax based on the adjusted profit	<b>27</b>	<b>3</b>
Deferred tax (Note 9)	<b>(174)</b>	<b>(109)</b>
Corporate social responsibility contribution	<b>4</b>	<b>2</b>
Overprovision in previous year	<b>(15)</b>	<b>20</b>
Tax credit for the year	<b>(158)</b>	<b>(84)</b>

**MCB INVESTMENT HOLDING LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)****16. INCOME TAX CREDIT (continued)**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the company as follows:

	2021	2020
	Rs'000	Rs'000
Profit before tax	<u>1,978,512</u>	<u>1,823,741</u>
Tax calculated at a rate of 15%	296,777	273,561
Impact of:		
Income not subject to tax	(300,240)	(278,625)
Expenses not deductible for tax purposes	3,316	5,000
Corporate Social Responsibility contribution	4	-
Overprovision in previous year	(15)	(20)
Tax credit for the year	<u>(158)</u>	<u>(84)</u>

**17. RELATED PARTY TRANSACTIONS**

	Income	Expense	Deposit Balance	Receivable from	Payable to
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>2021</b>					
Holding Company	-	-	-	-	6,000
Subsidiaries	<u>2,004,946</u>	<u>288</u>	<u>322</u>	<u>2,004,946</u>	<u>61</u>
<b>2020</b>					
Holding Company	-	-	-	-	-
Subsidiaries	<u>1,857,512</u>	<u>288</u>	<u>20,119</u>	<u>-</u>	<u>89</u>

The above transactions have been made in the normal course of business. Outstanding balances at year end are unsecured and are not impaired.

**18. HOLDING & ULTIMATE HOLDING COMPANY**

The directors regard MCB Group Limited, a company incorporated in Mauritius as the holding and ultimate holding company.

