PAVING THE WAY TO PROGRESS WITH PURPOSE AND PRECISION

LINES OF BUSINESS AND DIGITAL TRANSFORMATION

Personal Financial Services (PFS)

We are pleased to announce the evolution of our Personal Financial Services (PFS) division into a more focused Consumer Banking model. This strategic shift allows us to tailor products and services more effectively for customers, streamline operations and leverage new technologies. By placing greater emphasis on Cards and Open Banking, we are enhancing convenience, flexibility and innovation, ensuring our clients have the modern banking solutions that align with their expectations.

In addition, Guillaume Passebecq has been appointed as Head of Consumer, Private Banking and Wealth Management. Under his leadership, we will continue to strengthen our key areas - Business Banking, Retail, Premium Banking, Private Banking and Wealth Management -, while delivering seamless, personalised solutions that empower our customers to achieve their financial goals.

Key initiatives for Consumer Banking include a segmentation review to broaden our target market, enhancing service delivery, optimising branches and fostering closer collaboration with Private Banking. We are also advancing our Open Banking strategy, while our POP payment application is under review to introduce new client-centric features by 2025.

Private Banking – Wealth Management

Private Banking exceeded expectations over the course of the year, driven by strong net interest income and custody fee growth. Its acceleration plan, supported by team expansion, continues to yield positive results. Meanwhile, assets under custody increased through rising trading activity and the onboarding of individual and institutional new clients, with volumes in diversified instruments both locally and internationally.

Corporate Banking (CBD)

Mauritius has consistently attracted global attention as an emerging financial hub and a prime destination for foreign investment. The nation's economic performance in 2024 showcased remarkable resilience amidst global uncertainties, setting the stage for a positive outlook in 2025. The Mauritian economy has rebounded strongly, with an estimated real growth of 5.2% in 2024. This growth is expected to continue into 2025, driven primarily by the tourism sector, fuelled by high demand for leisure travel and enhanced flight connectivity. Furthermore, the construction and financial services sectors are poised to play key roles in sustaining economic expansion in 2025.

Bank One plays a significant role in supporting and accompanying the local corporates throughout their journey, offering tailor-made solutions to meet their requirements. Our aim is to continue building stronger and more meaningful partnerships, delivering better service right to the doorstep of our clients. It also attends to the needs of diverse customer segments in various sectors, doing business within and into Africa, and ventures beyond through specialised finance solutions including structured trade, project financing and real estate financing under GFA-VEFA.

Our continued focus on digital transformation remains central to enhancing our ability to serve clients in their day-to-day trade and transactional activities. We provide innovative digital payment solutions that allow our clients to manage their finances conveniently, on-the-go, through multiple channels and platforms, ensuring seamless banking transactions.

International Banking (IBD)

The Bank maintained its external credit rating status of BB- stable outlook by Fitch Ratings, putting Bank One amongst the Top 15 Commercial Banks in sub-Saharan Africa in terms of credit rating. This reinforced confidence on the Bank being a sound institution in attracting deposits from various jurisdictions. However, we have witnessed some challenges on the interest income side following the major central banks key interest rate cutting spree in 2024. This has impacted the ability for the Bank to place at decent rates.

The Bank continued on its SSA strategy in structuring and executing syndicated transactions. The strong relationship with central banks across the region was maintained with several interactions with regards to funding possibilities. The year 2024 has seen a decline in Bank One's Asset book, mainly due to the change in the economic landscape within the SSA region, whereby FIs have got access to cheaper funding through DFIs, hence resulting in a decrease in business opportunities. Bank One continues to focus on the syndication business avenue, looking to collaborate with key MLAs for any potential business opportunities within the SSA region.

The IBD team has shifted its focus from being a product centric to customer centricity thereby servicing the customer end-to-end with bespoke financing solutions. The objective is to have a long lasting business relationship with existing partners while focusing on new-to-bank prospects.

The trade finance strategy is gathering momentum, with positive growth expected in the years to come. Synergies with the different group entities in the SSA region further strengthen Bank One's offerings, positioning the Bank as a strong trusted partner.

Private Banking and Wealth Management & Securities services (PBWM)

Private Banking and Wealth Management & Securities services (PBWM) clientele includes High Net Worth Individuals (HNWI), external Asset Managers, financial institutions, Collective Investment Scheme (CIS) and pension funds. To enhance its offering and customer experience, further investments have been made to improve the custody platform.

PBWM continues to grow both its personal and institutional customer base and is positive about the opportunities to grow its business alongside its shareholders in sub-Saharan Africa.

During the year, PBWM was recognised as the "Best Private Banking in Mauritius" by Global Finance Magazine.

Treasury Business

The current year of assessment witnessed a well-saddled tourism sector in Mauritius, reaching the pre-covid tourist arrivals level. Despite this, the shortage in foreign currency remains persistent, as imports remain on the higher side and the tourism sector could not provide much foreign influx in the market to alleviate the shortage due to prior commitments such as bonds issuances. The central bank interventions brought some relief to the market, with an injection of USD 370m throughout the second half of the year. The local currency ended the year at the 47.00 level mark against the US dollar in December, depreciating by 6.40% on a year-on-year basis.

The index MERI2 is based on the currency distribution of merchandise trade and tourism earnings showed a massive depreciation in December 2024 compared to January the same year.

On the interest rate front, the Central Bank slashed its key repo rate by 50 basis points to 4%, to align with the global macroeconomic environment. The Central Bank also continued to manage the rupee excess liquidity situation through the conduct of its open market operations and longer-term operations were performed with a view to keeping the level of structural excess liquidity in check.

Pursuing our aspiration of "Becoming Africa's preferred gateway", the treasury department forged new relationships in the region and we are pre-empting some expanded tractions in the foreseeable future. The Treasury team has been able to make significant contribution to the Bank's overall success through non-funded and interest income, making it a cornerstone of the financial health and strategic vision of the Bank.

Digital transformation

In 2024, Bank One Limited continued its digital transformation journey, achieving significant milestones that enhanced both customer experience and operational efficiency.
Key accomplishments included the introduction of workflow capabilities for our SME Banking segment and the digitalisation of our human resources department, streamlining processes and improving service delivery. We achieved 100% compliance with the Cyber & Technology Risk Management guidelines from the Bank of Mauritius, ensuring the highest standards of data protection. The migration to Office 365 modernised our work environment, fostering greater collaboration and productivity. Continuous enhancements to our Internet Banking and Mobile Banking offerings further refined the user experience. Moreover, we laid the foundation for reviewing internal processes to enhance customer experience, improve efficiencies and reinforce controls. Our unwavering commitment to quality of service and continuous improvement drove these advancements, resulting in increased adoption and satisfaction across all digital channels.

The Management Discussions and Analysis report may contain various forward-looking statements with respect to Bank One's financial position, business strategy, plans and management objectives. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances including, but not limited to, domestic market, global economic and business conditions, market risks such as changes in interest and exchange rates, policies and actions of governmental and regulatory authorities. We caution readers of this report not to place undue reliance on our forward-looking statements, as these factors may cause future results to differ materially from the plans, goals, expectations or interest expressed in the forward-looking statements. Bank One Limited does not undertake to update any forward-looking statements that may be made from time to time by the organisation or on its behalf.

RISK MANAGEMENT AND CAPITAL

Effective risk management is essential in delivering consistent and sustainable performance for all of the Bank's stakeholders and is a central part of its financial and operational management. The Bank adds value by taking and managing appropriate levels of risk, which in turn generates returns for shareholders.

Board and Board Committees

The Bank's Board of Directors (the Board) remains ultimately responsible to ensuring that risks are adequately identified, measured and managed. The Board ensures proper governance is in place, allowing healthy risk discussions to take place in a forward-looking manner, while also learning lessons from past risk events. The Board approves the risk appetite and ensures risks are managed within the set tolerance levels.

The Board has ultimate responsibility for risk governance and internal control systems as well as in determining the nature and extent of the principal risks it is willing to take to achieve its strategic objectives, while ensuring an appropriate risk culture has been embedded.

Risk oversight has been delegated to appropriate Board Committees which:

- Review and assess the integrity of the risk control systems and ensure risk policies and strategies are effectively identified, managed and monitored to contribute to a climate of discipline and control, thereby reducing the opportunity of risk, including fraud, in all areas of operations.
- Consider reports by the executive management on measures implemented to ensure compliance with the statutes, regulatory guidelines and internal policies and procedures.

As at 31 December 2024, the Board is satisfied that:

- Risk and capital management controls and processes across the Bank generally operated effectively.
- Business activities have been managed within risk appetite approved by the Board.
- The Bank is adequately capitalised and funded to support its strategy execution.

In the instances where gaps were identified or where the Bank incurred losses and breached its risk appetite, the Board is satisfied that Management has taken and continues to take appropriate remedial and timely action.

Three lines of defence

The Bank leverages the three lines of defence model (as pictured below) to build and maintain a strong risk culture, where resilience is a priority for the effective management of risk. Focus is placed on multiple drivers to strengthen the risk culture.

First line	Second line	Third line
Business lines	**Risk Management & Compliance**	**Internal Audit**
First line of defence consists of the management of business lines. It is the responsibility of first line management to identify and manage risks. This includes, at an operational level, the daily effective management of risks in accordance with agreed risk policies, appetite and controls.	Second line of defence functions provide independent oversight and assurance and support management in ensuring their specific risks are effectively managed as close to the source as possible.	Third line of defence provides independent and objective assurance to the Board and Senior Management on the effectiveness of the first and second lines of defence.

Risk Governance

Executive Management continuously ensures that legal, regulatory and business requirements are fully embedded in the Bank's policies, processes and governance frameworks, which are supported by robust control mechanisms to ensure compliance with same.

Risk Management team

The Risk Management team is responsible for day-to-day oversight on the management of risk and for instilling a strong risk culture across the Bank. Risk management is enterprise wide and is a crucial element in the execution of the Bank's strategy. The role of the Risk Management function is to ensure the full spectrum of risks faced by the Bank is properly identified, assessed, managed, monitored and reported in the pursuit of strategic and financial goals. The Risk Management team maintains its objectivity by being independent of operations. The Chief Risk Officer has a direct reporting line to the Chief Executive Officer and to the Board Risk Management Committee.

Risk Management framework

The Bank's fundamental approach to risk management is to ensure that both value preservation and value creation are promoted through the prudent and consistent adoption of the Risk Culture Statement. The risk culture journey is complemented by a comprehensive Risk Appetite Statement and monitored via Board-approved Risk Appetite Metrics.

The Board of Directors approves the risk policies and guidelines. The Bank's management has the responsibility for the effective execution of these policies through the implementation of appropriate procedures.

The Board and relevant sub committees monitor the risk profile of the Bank on a quarterly basis. Limits on the quantum of credit risk, market risk, operational risk and country risk are set within prudent guidelines. Other non-quantifiable risks such as compliance risk, reputational risk and strategic risk, are also assessed and monitored on a qualitative basis, guided by appropriate metrics.

The Bank's Executive Management meets monthly through several management committees, to make a comprehensive impact assessment of the Bank's various risks. The Bank holds a monthly Management Integrated Risk Committee that holistically assesses and manages its risks. The various risk functions escalate any issues and/or limit breaches to the relevant approval authorities, in line with the Bank's Escalation Matrix.

The following section outlines the principal risks that are core to the Bank, including the management thereof.

Credit risk

Overview and definition

Credit risk is defined as the risk of loss arising from a client or counterparty failing to fulfil its financial obligations.

Approach to managing credit risk

Credit risk is the most material risk which the Bank is exposed to. In the absence of an effective and efficient credit risk management process, credit losses can have a significant adverse impact on the Bank. The Bank has therefore devised a credit risk management process to:

- Maintain credit risk at an acceptable level relative to capital.
- Preserve the quality of the statement of financial position.
- Ensure returns are proportionate to the risks being taken.

Credit risk is managed through:

- Defining credit risk appetite for counterparty, sector and country concentrations, with regular monitoring to proactively adjust to changes in the economic environment.
- A culture of responsible lending.
- Expert scrutiny and approval of credit risk and its mitigation via a delegated authority framework.
- Identifying, assessing and measuring credit risk from an individual facility level through to an aggregate portfolio level.
- Monitoring credit risk exposures relative to approved limits, risk appetite, changes in the economic environment and in clients' state of affairs, to identify early signs of weaknesses in the exposure as this, in turn, will enable the Bank to take prompt action, such as the tightening of appetite for particular products, increase in collateral requirements or curtailing originations.

RISK MANAGEMENT AND CAPITAL

Governance and reporting

Credit risk governance cuts across levels of hierarchy within the Bank through committees at Board, Executive Management and Management levels. The key committees for credit risk are illustrated below:

	EVALUATE | MONITOR Transaction level	RESPOND | MONITOR Portfolio level
Board Committees	Board Credit Committee	Board Risk Management Committee
Executive Management Committees	Management Credit Committee	Management Integrated Risk Committee
Management Committees	Credit Forum	
Individuals	Individual Delegated Authorities	

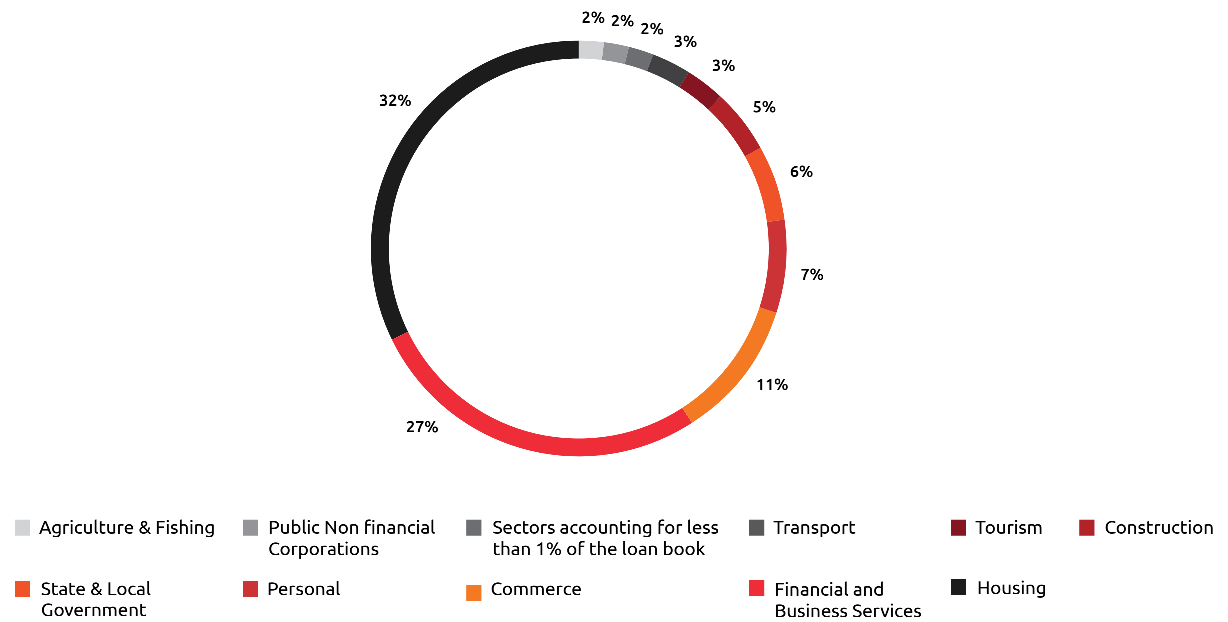
The credit risk strategy and credit risk policy are approved by the Board and the credit risk portfolio is monitored on a monthly basis at the Management Integrated Risk Committee. The Board Credit Committee is the ultimate credit approving authority of the Bank and approves all exposures above the Management Credit Committee delegated authority.

Concentration risk

Concentration risk is defined as the risk that any single obligor or group of obligors has the potential to produce losses large enough (relative to the Bank's capital, assets or overall risk acceptance level) to threaten the Bank's health or ability to maintain its core operations. The Bank manages concentration risk in terms of sectors, obligors/group of obligors and country. The Bank has internal policies which are in line with the requirements of the Bank of Mauritius Guideline on Credit Concentration Risk. As at 31 December 2024, the Bank was in compliance with the guideline.

Sectorial concentration

As shown in the chart below, the Bank has a well-diversified loan portfolio. The largest concentration relates to Housing at 32%.



Top 10 single obligors

Single Borrower	2024 Exposure MUR 000	2024 % of Tier 1 Capital	2023 Exposure (MUR 000)	2023 % of Tier 1 Capital	2022 Exposure (MUR 000)	2022 % of Tier 1 Capital
1	**705,900**	**19.53%**	756,226	20.11%	674,307	19.68%
2	**705,900**	**19.53%**	659,700	17.55%	662,250	19.33%
3	**705,900**	**19.53%**	659,700	17.55%	662,250	19.33%
4	**705,806**	**19.53%**	659,700	17.55%	662,250	19.33%
5	**703,971**	**19.48%**	659,700	17.55%	441,500	12.89%
6	**691,770**	**19.14%**	659,700	17.55%	441,500	12.89%
7	**470,600**	**13.02%**	618,720	16.46%	441,500	12.89%
8	**470,600**	**13.02%**	440,406	11.71%	441,500	12.89%
9	**470,600**	**13.02%**	439,800	11.70%	441,500	12.89%
10	**470,600**	**13.02%**	439,800	11.70%	441,500	12.89%

Top 10 groups

Group	2024 Exposure (MUR 000)	2024 % of Tier 1 Capital	2023 Exposure (MUR 000)	2023 % of Tier 1 Capital	2022 Exposure (MUR 000)	2022 % of Tier 1 Capital
1	**987,425**	**27.32%**	972,947	25.88%	1,143,750	33.38%
2	**878,145**	**24.30%**	791,640	21.06%	1,038,595	30.32%
3	**471,000**	**13.03%**	671,828	17.87%	800,415	23.36%
4	**438,816**	**12.14%**	657,171	17.48%	686,358	20.03%
5	**94,647**	**2.62%**	625,000	16.62%	662,250	19.33%
6			593,730	15.79%	625,000	18.24%
7			550,053	14.63%	504,046	14.71%
8			440,800	11.72%	492,594	14.38%
9			440,406	11.71%	452,458	13.21%
10			54,179	1.44%		

Related party credit transactions

The Bank's related party transaction policy establishes and defines the framework for the governance, risk management and reporting of related party transactions. The policy fulfils the requirements of the Bank of Mauritius Guideline on Related Party Transactions, to effectively identify, monitor, control and report related party transactions within the Bank and to take appropriate steps to mitigate the risks arising from these transactions. The Bank has policies and processes in place to avoid conflicts of interest when carrying out related party transactions and ensures that same are conducted at arm's length.

The Board has the authority to approve all related party exposures and has the responsibility to ensure these exposures are at standard market principles in terms of the arm's length principle. As at 31 December 2024, the Bank was in compliance with the Bank of Mauritius Guideline on Related Party Transactions.

RISK MANAGEMENT AND CAPITAL

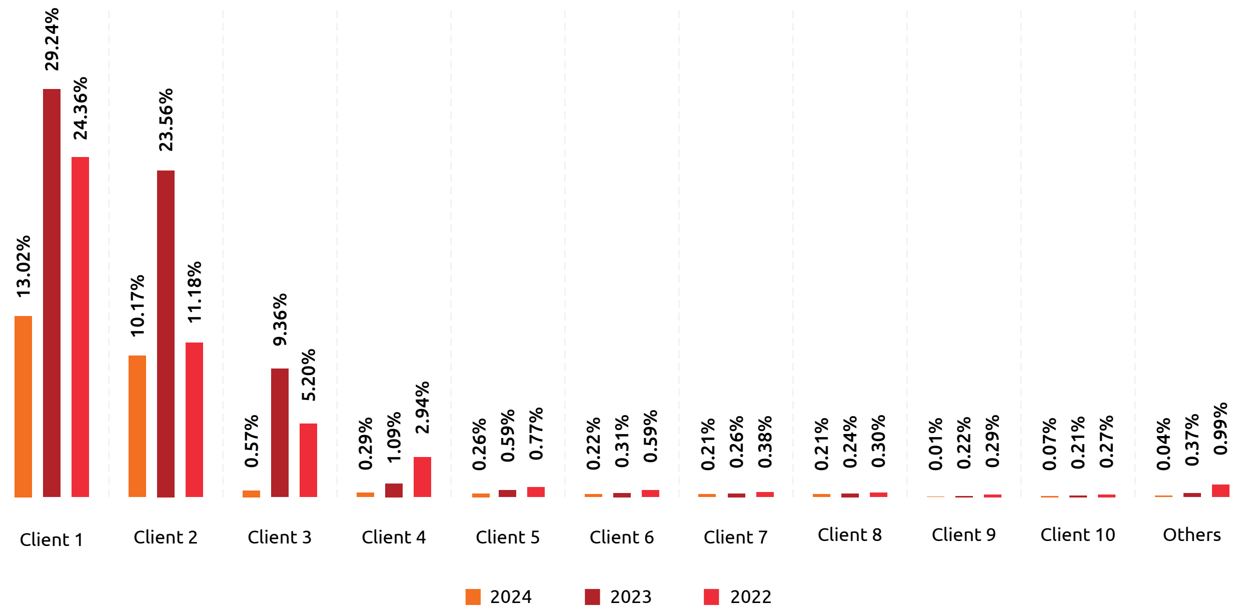
Related party credit transactions (cont)

The aggregate related party exposure of the Bank amounted to MUR 0.92bn as at 31 December 2024 (2023: MUR 2.46bn, 2022: MUR 1.15bn), which represents 25.15% of Tier 1 Capital (2023: 65.44%, 2022: 47.27%). The facilities include loans, overdrafts, credit cards, bank placements and foreign exchange transactions. Collateral is taken for the facilities, based on the credit risk assessment. Settlement of facilities are from the underlying obligor's operating cash flow at arm's length terms and relevant conditions apply.

None of the loans advanced to related parties were classified as non-performing as at 31 December 2024 (2023: nil; 2022: nil).

The table below sets out the ten largest related party exposures and respective percentages of the Bank's Tier 1 capital:

Related Party Exposure (% of Tier 1 Capital)



Collections segment

The credit risk monitoring and control for Stage 1 and Stage 2 exposures are managed jointly by Business lines and the Collections team. As additional control, facilities that show signs of deterioration and frequent delinquency are placed under watch list and followed up on in Management and Board Credit and Risk Committees.

Recovery segment

Stage 3 exposures are exclusively managed by the Collections and Recovery team. The Bank's philosophy is to resolve recovery matters through negotiations in the first instance. If no agreement is reached, legal action is pursued with urgency for a timely recovery of assets.

At year-end 2024, the Non-Performing Assets (NPA) portfolio increased by 23%, with the NPA ratio at 6.04%. The Provision Coverage Ratio increased from 47% in 2023 to 51% at the end of 2024. The Recovery team achieved exceptional results, especially on the recovery of high value accounts, amounting to MUR 212 million, resulting in a recovery rate of 15% on the NPA portfolio. Recoveries and reversal of provisions have resulted in an Impairment Release of MUR 69m for FY2024.

Write off

When there is no realistic probability of recovery, assets are written off against the related impairment allowance, on completion of the Bank's internal processes and when all reasonably expected recoveries have been collected. In subsequent periods, any recoveries of amounts previously written-off are recorded as a release to the credit impairment charge in the statement of profit or loss. The write off treatment is guided by the Bank of Mauritius guidelines on Classification, Provisioning and Write off of Credit Exposures.

Country risk

Overview and definition

Country risk arises out of the uncertainty that obligors will be able to fulfil obligations due to the Bank's given political or economic conditions in the host country. It also includes the risk that the Bank will be unable to obtain payment from customers or third parties on their contractual obligations, because of certain actions taken by a foreign Government, primarily relating to the convertibility and transferability of foreign currency.

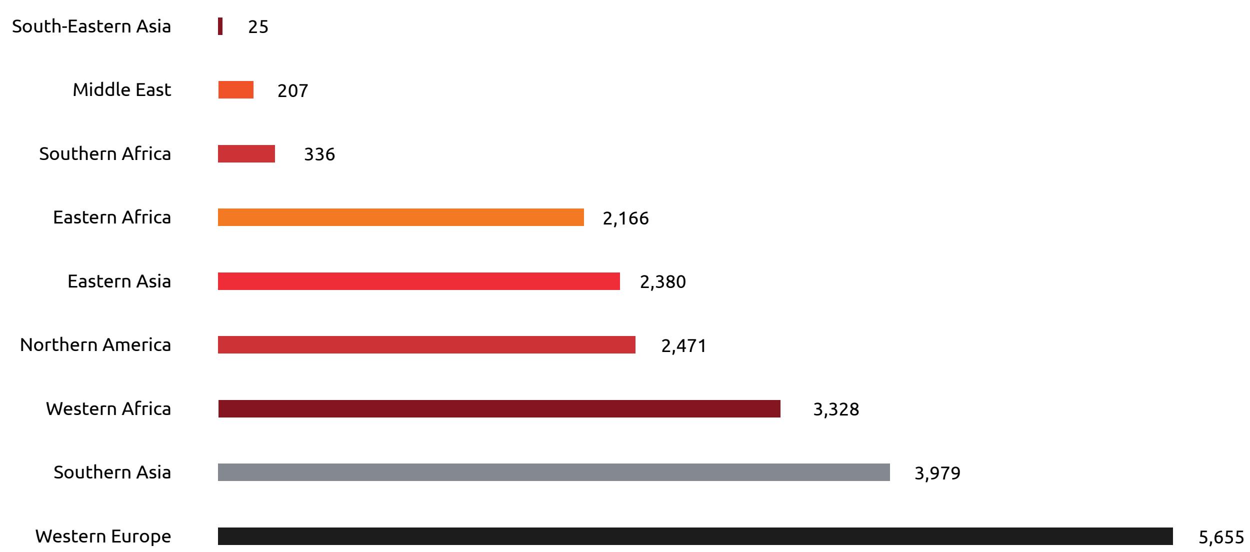
Approach to managing country risk

In line with global cross-border financing principles, the Bank has a country risk management policy supported by well-defined frameworks to:

- Classify the country of risk, which must reflect the primary geographical location of an obligor's revenue generation (cash flows) and assets. Country of risk transfers are applied when credit enhancements are included in the structure of exposures.
- Allocate country limits to mitigate concentration risk. The Bank has a methodology, which has been devised internally to set a cap on country limits. The methodology is hybrid and based on external credit ratings, presence markets, market knowledge and economy size of the country (Gross Domestic Product).

The graph below provides a snapshot of the Bank's cross border exposures by region at end-December 2024.

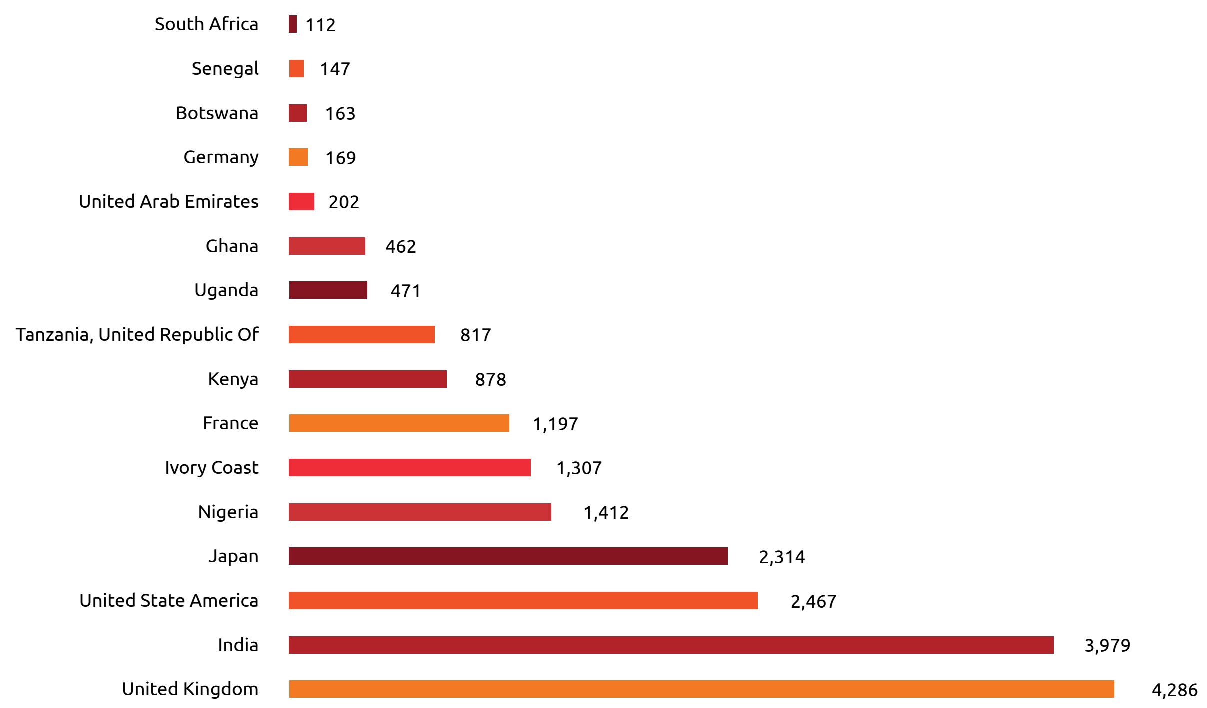
Exposure by Region



Per country, the Bank has the largest exposure to the United Kingdom, as it seeks to invest in High-Quality Liquid Assets, followed by India and the United States of America, where the Bank's exposures are mainly on strong credit quality Domestic Systemically Important Banks.

RISK MANAGEMENT AND CAPITAL

Country Exposure above MUR 100M (MUR'M)



Governance and reporting

The Bank's Management Credit Committee, Board Credit Committee and Board Risk Management Committee, represent the primary governance bodies overseeing country risk.

Market risk

Overview and definition

Market risk is defined as the risk of losses in stakeholder value, resulting from adverse changes in market prices and interest rates that negatively affect assets and liabilities.

Approach to managing market risk

The Market Risk Policy outlines the framework to identify, measure, monitor, manage and report market risk, to minimise the risk of financial loss. The Assets & Liabilities Committee has been established to enforce compliance with the policy. The risk appetite has been expressed in the form of Value at Risk (VaR).

The Bank measures market risk from the trading book using the VaR technique (historical approach at a 99% confidence level over a one-day holding period) and controls market risk exposures within prudent risks limits set by the Board, in line with the Bank's risk appetite.

Accordingly, at 31 December 2024, the actual potential loss is reflected below:

VaR actual position - December 2024	USD	EUR	GBP
Value at Risk	MUR 953k	MUR 59k	MUR 5k
Expected shortfall	MUR 1211k	MUR 77k	MUR 6k

(i) Foreign exchange risk

The Bank has limited net foreign exchange exposure, as foreign exchange positions and foreign currency balances arising from customer transactions are normally matched against other customer transactions or through cover transactions with the market.

The net open exposure positions, both by individual currency and in aggregate, are managed by the Treasury Department within established limits and reported to the Bank of Mauritius daily.

Throughout 2024, the Bank operated well within the regulatory limits regarding net open positions.

A monthly report is submitted to the Asset & Liability Management Committee and a quarterly report is submitted to the Board Risk Management Committee, for notification of any underlying breach in limits. Breaches are immediately notified to Senior Management and simultaneously escalated to the relevant sanctioning authority, in line with the Bank's Escalation Matrix.

(ii) Interest rate risk

The Bank considers the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is reported monthly to ALCO.

The framework adopted by the Bank to measure interest rate risk exposures is consistent with the BOM guidelines for reporting interest rate risk exposures, which consists principally of interest rate sensitivity analysis and stress testing.

Interest rate sensitivity analysis

A detailed analysis of the interest rate sensitivity analysis as at 31 December 2024 is given in note 2 (f) of the Financial Statements.

Earnings at risk methodology is used to assess the impact of various interest rate change scenarios on Net Interest Income over a 12-month horizon, as required under the domestic and global regulatory guidelines.

The interest rate risk in the banking book is managed by controlling interest rate sensitivities, which relate to the immediate effects of interest rate changes on assets, liabilities and off-balance sheet items. With the composition of the statement of financial position as at 31 December 2024, Net Interest Income is expected to rise in an increasing rate scenario and fall in a decreasing rate scenario.

MUR & USD earnings at risk analysis as at 31 December 2024

Interest rate movement 2024	Impact on Earnings on account of interest basis on MUR exposures (in M)	Impact on Earnings on account of interest basis on USD exposures (in M)
+ 100 bps	28.06	1.30
- 100 bps	(28.06)	(1.30)
+ 200 bps	56.12	2.60
- 200 bps	(56.12)	(2.60)

The Bank is able to absorb potential interest shocks.

Governance and reporting

Market risk exposure for different types of transactions is managed within risk limits and guidelines approved by the Board and monitored via the monthly Asset & Liability Management Committee, which reports any key risks monthly to the Management Integrated Risk Committee and quarterly to the Board Risk Management Committee. The Treasury Department monitors the debt securities book on a weekly basis and reports monthly to the Asset & Liability Management Committee.

RISK MANAGEMENT AND CAPITAL

Liquidity risk

Overview and definition

Liquidity risk is defined as the risk of losses from not having cash to honour commitments when falling due.

Approach to managing liquidity risk

The Bank manages liquidity in line with applicable regulations and within its risk appetite framework. The Bank's liquidity risk management governance framework supports the measurement and management of liquidity to ensure payment obligations can be met under both normal and stressed conditions and minimum regulatory requirements are always met. This is achieved through a combination of maintaining adequate liquidity buffers and ensuring cash flow requirements are met.

The Bank seeks to keep secure funding and liquidity positions to support its business development objectives. Diversified and stable sources of funding are maintained, comprising mainly customer deposits and borrowings, both short- and long-term. Additionally, an appropriate level of liquid assets is kept, ensuring obligations can be met within a reasonable time frame.

Liquidity risk is measured and monitored separately for each material currency and on a consolidated level. The Bank assesses funding and liquidity positions with respect to obligations under both business-as-usual and stressed conditions. The Board has set internal targets on key regulatory measures such as the Liquidity Coverage Ratio at currency level, while monitoring other ratios and Early Warning Indicators to assess its liquidity situation. The key actions undertaken to ensure liquidity risk is effectively measured and monitored at the Bank include the following:

- Strong Liquidity Contingency Plan in place, providing active monitoring and detailed Early Warning Indicators under a liquidity stress situation.
- Effective monitoring and management of daily computation of liquidity ratios, providing the Bank with cash flow projection in a reasonable time frame.
- Carrying out of frequent simulation on Liquidity Ratios, based on what-if investment in high-quality liquid assets and renewal of retail/wholesale market funding.
- Maintain adequate high-quality liquid assets buffer as well as achieving conservative maturity profile and operational deposit optimisation to ensure compliance with the liquidity coverage ratio, with monitoring/reporting for assets and liabilities denominated in significant currencies.
- Close monitoring of the Liquidity Coverage Ratio by the Assets and Liabilities Committee on a monthly basis and as and when required.

The table in note 2(g) of the Financial Statements analyses the Bank's assets and liabilities into relevant maturity buckets.

The Bank monitors liquidity gaps on a static, cumulative and dynamic basis. Under the dynamic scenario, the Bank arranges assets and liabilities into different maturity ranges, according to the Bank of Mauritius Guideline on Liquidity Risk Management, considering the historical behavioural pattern of these assets and liabilities. Stress testing and scenario analysis form an important part of the Bank's liquidity management process.

Governance and reporting

The Asset and Liability Management Committee oversees the management of funding and liquidity risk at the Bank. The Treasury team is responsible for the daily management of liquidity and provides daily reporting to Senior Management. Weekly reporting on Liquidity Ratios is done by the Asset and Liability Management Unit within Finance to Management.

Liquidity Coverage Ratio (LCR)

LCR is computed as the percentage of high-quality liquid assets to total net cash outflows over the next 30 days under a severe stress scenario. As at 31 December 2024, the Bank was well above the minimum consolidated liquidity requirements, as shown in the table below:

Liquidity Coverage Ratio - Quarter ending December 2024

(Consolidated in MUR'000s)	TOTAL UNWEIGHTED VALUE (quarterly average of monthly observations)	TOTAL WEIGHTED VALUE (quarterly average of monthly observations)
HIGH-QUALITY LIQUID ASSETS		
Total High-Quality Liquid Assets (Hqla)	7,156,698	7,156,698
CASH OUTFLOWS		
Retail Deposits And Deposits From Small Business Customers, Of Which:		
Less Stable Deposits	14,606,975	1,460,698
Unsecured Wholesale Funding, Of Which:		
Non-Operational Deposits (All Counterparties)	11,372,145	4,548,858
Unsecured Debt	6,289,964	6,289,964
Additional Requirements, Of Which:		
Credit And Liquidity Facilities	1,130,288	258,515
Other Contractual Funding Obligations	88	88
Other Contingent Funding Obligations	519,113	25,956
TOTAL CASH OUTFLOWS	**33,918,572**	**12,584,078**
CASH INFLOWS		
Secured Funding	14,300,726	14,300,726
Inflows From Fully Performing Exposures	843,754	421,877
Other Cash Inflows	53,393	53,393
TOTAL CASH INFLOWS	**15,197,873**	**14,775,996**
		TOTAL ADJUSTED VALUE
TOTAL HQLA		**7,156,698**
TOTAL NET CASH OUTFLOWS		**3,146,019**
LIQUIDITY COVERAGE RATIO (%)		**227%**
QUARTERLY AVERAGE OF DAILY HQLA		**8,640,068**

Notes: The reported values for "quarterly average of monthly observations" are based on October, November and December 2024 month-end figures.
The reported values for "quarterly average of daily HQLA" are based on business-day figures over the 01 October 2024 to 31 December 2024 period.

Comments:

- As at the end of December 2024, the Bank's quarterly average LCR was 227% compared to 194% as at September 2024, significantly above the regulatory minimum of 100%.
- This is driven by an excess of MUR 4.0billion of High Quality Liquid Assets (HQLA) over Net Cash Outflows (NCO).
- The Bank's stock of High-Quality Liquid Assets (HQLA) is proactively managed to ensure high levels of liquidity.
- Liquidity levels are monitored daily.
- Formal reviews of the Bank's liquidity position and limits take place monthly in the management ALCO.

RISK MANAGEMENT AND CAPITAL

Operational risk

Overview and definition

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events.

Approach to managing operational risk

The Operational Risk Management Framework sets out the underlying risk principles by which the Bank identifies, manages and measures operational risk. The framework aims at sustainably embedding the following:

- Proactive risk management and disciplined risk-taking, while ensuring the Bank's operational risk profile remains within appetite.
- Fostering a positive risk and control culture with clear ownership and accountability across the Bank.
- A sound and sustainable risk and control environment.

The operational risk management toolkit includes operational risk appetite, key risk indicators, risk and control self-assessments, control issues monitoring and internal control programmes. Focus is on sustainably reducing the Bank's material risk exposures, consistent with its risk appetite, as well as scanning and analysing emerging risks against which the Bank must demonstrate resiliency.

The Bank identifies and evaluates risks by applying the Evaluate-Respond-Monitor (ERM) approach, ensuring material operational risks facing the Bank are identified and understood and that appropriate management responses are put in place to protect and enable the Bank to meet its goals. Ongoing monitoring is proactively undertaken for prompt risks re-evaluation and re-assessment of responses to ensure progress towards objectives.

During the year, the focus areas were aimed at further supporting operational resilience, including:

- Continuous training to our employees for skills and knowledge enhancement.
- Progressing on the implementation of the Standard Operating Procedure Manuals across all departments, to ensure a standardised approach.
- Enhancing our business continuity protocols in light of incidents which caused major global disruption.
- Reviewing the Bank's fraud prevention and detection capabilities.
- Ensuring a dynamic and stringent approach for setting up our Operational Risk Appetite, in line with risk management best practices.

Significant advancements were made in operational risk management, including a reduction in reported operational losses, in-depth root cause analyses and the sharing of lessons learned. Additionally, targeted training and awareness programmes were introduced to foster a robust risk culture across the Bank.

Risk and Control Self-Assessment Programme

The Risk and Control Self-Assessment programme remains an integral part of the Operational Risk Strategy, which aims at enhancing the roles and responsibilities of the first line of defence in identifying and managing key risks in their respective activities. Over the past years, the Bank adopted a risk-based approach that focuses on processes which are critical for strategy execution and delivering to customers and stakeholders. This approach ensures material risks and rewards are fully understood and managed, resulting in consistent monitoring of the Bank's operational risk profile, in accordance with business objectives and appetite. Fraud preventative and detective controls are also identified as part of this ongoing exercise, to support the internal control programme from a fraud monitoring perspective. Periodic self-assessments by the first line of defence now contribute towards measuring the overall risk and control environment effectiveness.

In the coming year, this approach will be revisited to ensure the RCSA programme remains relevant to the operating environment. It will consider any emerging risks that can affect the Bank's risk profile. The new approach will align with the Enterprise Risk Management framework and focus on principal risks. This approach will help evaluate the effectiveness of all existing controls, ensure compliance with regulatory requirements and assist in prioritising risks based on their likelihood and impact. Additionally, it will promote performance and service efficiencies using indicators that monitor risks, controls and process performance.

Incident management and reporting

Incidents, including events resulting in actual loss and those resulting in non-financial impact and near-misses, are duly recorded and reported. The operational risk incident management process has been ringfenced over the last years to bring more in-depth incident analysis with appropriate response and monitoring, aiming at sustainably resolving issues and therefore preventing recurrence. All material control failures are subject to robust root cause analysis and lesson learnt process. Resulting impacts, both financial and non-financial, are thoroughly assessed against the yearly operational risk appetite, which caters for quantitative and qualitative measurements. The incident management process further complements the internal control programme, with deep dives and post-implementation reviews undertaken on recurrent key themes, as a measure to proactively manage the overall operational risk profile.

Insurance cover

The Bank has contracted insurance covers to mitigate operational risks. These covers are reviewed on an annual basis. The Board ensures an adequate insurance programme is in place to protect the Bank against losses resulting from its business activities.

Business continuity management

Business continuity refers to the Bank's ability to maintain critical operations in the face of disruption from internal and external shocks. The aim of business continuity is to protect and preserve critical processes and resources such as systems, data, people and property, thus maintaining overall resilience. Business continuity remains a key focus area for the Bank with a robust framework to support the adopted scenario-based approach. The Bank's business recovery plans are designed in such a way to cater for short-, medium- and long-term solutions, which take into consideration the various scenarios devised to effectively reinforce the Bank's resiliency in contingent situations. Criteria and underlying assumptions to determine the Bank's critical activities and expected resources are well defined as part of the Business Impact Analysis. Testing of contingency plans, comprising both scenario-based simulation exercise and planned testing of the disaster recovery servers, are undertaken twice yearly to assess the Bank's readiness and ability to resume operations of its critical activities within the set recovery time objectives.

In alignment with the Bank's approved business continuity strategy, the focus was on ensuring targeted fail-over and reverse replication activities for the critical applications. In the forthcoming year, the Bank plans to accelerate budgeted infrastructure upgrades as well as assess disaster recovery capabilities for its material service providers. The aim being to further protect and preserve critical processes and resources such as systems, data, people and property, thus maintaining overall resilience.

Governance and reporting

Operational risk is managed through the Management Integrated Risk Committee. The Board Risk Management Committee has oversight over operational risk and receives quarterly reports to that effect.

Cyber and information security risk

Overview and definition

Cyber and information security risk is defined as the inability to manage a cyber or data breach, while continuing to conduct business activities as usual.

Approach to managing cyber and information security risk

Infrastructure and data protection

The Bank ensures security through infrastructure and data protection. Infrastructure protection involves securing systems, hardware, software, networks and physical security. Data protection prevents unauthorised actions on information, ensuring confidentiality, integrity, availability and privacy.

The Bank employs advanced security measures to fortify its network. Beyond traditional layers, which include multiple firewalls and a web application firewall filtering out malicious traffic, the Bank utilises intrusion detection and prevention systems to identify and thwart unauthorised access. The recent implementation of an advanced network monitoring appliance, leveraging artificial intelligence, has significantly elevated the network's threat detection capabilities, enabling a prompt and effective response to malicious activities.

RISK MANAGEMENT AND CAPITAL

Infrastructure and data protection (cont)

The Bank priorities application security through regular code reviews to identify and address potential security issues. It has adopted secure coding practices, incorporating guidelines like least privilege and defence in depth to prevent vulnerabilities such as SQL injection and cross-site scripting. These measures collectively contribute to a robust and secure application environment within the Bank.

Endpoint security is a core focus area. The Bank uses various tools and techniques to protect its devices and data from cyber threats. Some of them include antivirus and anti-malware software, patch management, data encryption, device control, endpoint detection and response, mobile device management and multi-factor authentication.

Compliance with the Mauritius Data Protection Act and the General Data Protection Regulation is key. The Bank ensures robust data security through the implementation of encryption protocols for data in transit and at rest, assuring the confidentiality and integrity of sensitive information. A meticulous data classification and labelling system is in place, facilitating prioritised data handling with tailored controls based on its significance. Embracing a layered approach, the integration of encryption with data classification enhances overall resilience against potential threats.

To assess and validate the configuration and security frameworks, a predetermined schedule of security testing is implemented. This includes a combination of internal and external penetration testing, application penetration testing, red team and purple team exercises, API security testing and other relevant assessments.

Monitoring and awareness

The Bank enhances its cybersecurity framework by incorporating continuous monitoring and by utilising advanced security information and event management systems. These systems enable real-time analysis of logs, network traffic and user behaviours, facilitating the prompt identification of anomalies or malicious patterns. The Bank employs intrusion detection and prevention systems to monitor and respond swiftly to potential security incidents. In tandem, educational programmes are integrated into employee training and development, featuring regular cybersecurity training sessions, awareness campaigns and informative material distribution, to educate employees and stakeholders about cybersecurity risks and best practices.

Prioritising a security-conscious culture, the Bank emphasises employee education through robust security and awareness programmes. Regular training sessions for staff and directors highlight cybersecurity best practices, addressing potential threats like phishing and social engineering. The Bank actively conducts simulated social engineering exercises to evaluate training effectiveness and foster a vigilant organisational ethos. This security-oriented approach extends to customers, offering insights into secure banking practices. Emphasising prompt reporting of abnormal events, the Bank maintains clear communication channels for timely reporting of security incidents to all stakeholders.

Regulatory requirements

The Bank maintains full compliance with all applicable laws and regulations. In May 2023, the Bank of Mauritius issued guidelines on Cyber and Technology Risk Management and the Bank successfully implemented all mandatory controls outlined in the framework. This implementation underwent a thorough audit by an independent external party and the resulting report was submitted to the regulatory authority in December 2024. Furthermore, the Bank has also adhered to the mandatory standards outlined in the Financial Services Commission's guidelines on cloud computing services, which were released in November 2023, ensuring regulatory compliance.

Governance and reporting

Cybersecurity governance involves integrated strategies for the proactive prevention of cyber threats, encompassing accountability frameworks, decision hierarchies, risk alignment with business objectives and oversight processes. Cybersecurity management focuses on operationalising governance policies, ensuring day-to-day security through efficient resource allocation. The collaboration between governance and management aims to protect digital assets, reduce cyber threats and provide a strategic security outlook involving risk appetite definition and decision-making responsibilities.

The Bank has implemented a robust governance framework for cybersecurity and information security, aiming to ensure efficacy. This includes the enforcement of comprehensive security policies, aligned with industry regulations, and strict adherence to the Bank of Mauritius Guideline on Cyber and Technology Risk Management. To maintain compliance with regulatory requirements, the Bank is subject to regular audits and assessments.

In the realm of policy and compliance, the Bank undertakes the development and enforcement of security policies, encompassing acceptable use, access controls, data classification and incident response procedures. The approach includes a commitment to aligning with industry regulations and best practices.

In the domain of Cybersecurity and Information Risk Management, the Bank adopts a comprehensive framework, conducts regular risk assessments to identify and evaluate potential cyber threats and implements mitigation strategies involving advanced security measures, encryption protocols and multi-factor authentication. The Bank also prioritises continuous monitoring and active gathering of threat intelligence, to proactively stay ahead of emerging risks.

The Bank has strategically fortified its security governance by establishing a structured organisational framework, appointing responsible staffs and fostering communication channels.

The Bank actively engages in collaborative efforts with industry peers to strengthen its cybersecurity posture. It also participates proactively in information-sharing initiatives, demonstrating a commitment to enhancing overall security through shared insights and industry cooperation.

Cyber and information risk is managed through the Management Integrated Risk Committee. The Board Risk Management Committee has oversight over cyber and information risk and receives quarterly reports to that effect.

Environmental, Social and Governance (ESG) risk

Overview and definition

ESG risk refers to the potential threats the Bank's impact on Environmental, Social and Governance ("ESG") factors pose to its reputation and financial performance. These factors go beyond traditional financial metrics and delve into how the Bank interacts with and impacts on the environment, its employees and stakeholders.

Climate risk is a component of ESG risk. It refers to financially material risks, arising from the effects of climate change that impact on the Bank or from exposure to activities that may be affected by environmental degradation and the loss of ecosystem services, which create an impact on the Bank's activities.

Climate-related and environmental financial risks encompass the challenges organisations face due to climate change, categorised into physical and transition risks by the Task Force on Climate-related Financial Disclosures (TCFD).

Climate-related and environmental financial risks can arise through physical risk and transition risk channels.

Physical risks refer to the direct impacts of climate change on physical assets and infrastructure, resulting from events such as storms, floods and rising sea levels. These events can severely affect the operations of businesses and industries, causing financial strain and reduced asset value. For banks, this means heightened credit risks as affected clients may struggle with repayments or financial instability. Physical risks could potentially impact the Bank in the following ways:

- **Credit risk:** Climate change can affect the creditworthiness of borrowers. For instance, businesses in climate-vulnerable areas may face operational disruptions or increased costs, making it harder for them to repay credit.
- **Market risk:** Changes in market conditions due to climate events can affect the value of financial assets. For example, extreme weather events can lead to fluctuations in commodity prices, impacting the Bank's investment portfolios.
- **Operational risk:** Physical damage to the Bank's premises and branch network from extreme weather events like floods or cyclones can disrupt banking operations and lead to significant repair costs.
- **Liquidity risk:** Liquidity risk may increase as access to stable sources of funding could be reduced as market conditions change. Climate risk drivers may cause counterparties of financial institutions to draw down deposits and credit lines.

RISK MANAGEMENT AND CAPITAL

Overview and definition (cont)

Transition risks emerge as economies move towards a more sustainable future, requiring significant changes in policy, market demand and technology. Industries that rely heavily on carbon-intensive activities face potential financial losses, as they must adapt to stricter regulations or shifting market conditions. Transition risk can impact the Bank in the following ways:

- **Credit risk:** Transition measures may result in significant adaptation costs and lower profitability, which may adversely impact on the repayment capacity and lower collateral values.
- **Market risk:** Transition risk drivers may affect highly polluting/high carbon emissions sectors, leading to a repricing of securities and derivatives related to such industries.
- **Operational risk:** Shifting market sentiment regarding climate issues may lead to reputation and liability risks, as a result of financing environmentally controversial activities.
- **Liquidity and other risks:** Transition risk drivers may affect the viability of some business lines and lead to strategic risk for specific business models. The liquidity of the Bank may be affected by abrupt repricing of securities due to transition risk drivers.

Approach to managing climate risk

The Bank's approach to climate risk management has been led through the embedment of the requirements of the Bank of Mauritius Guideline on Climate-related and Environmental Financial Risk Management, in alignment with the TCFD recommendations as the underlying framework. In line with the requirements of the Bank of Mauritius Guideline on Climate-related and Environmental Financial Risk Management, the Bank is working on the integration of climate risk considerations into its onboarding and lending practices, stress testing its portfolios against climate scenarios, and is working closely with clients to understand their exposures to such risks and their transition to sustainable business practices.

The Bank's risk management framework already includes regular assessments of environmental and social risks, ensuring it remains proactive in its approach and is well-positioned to protect its financial stability while contributing to a sustainable future.

Building on the foundational work initiated during 2023, climate risk efforts this year were focused on the continued embedment of climate resilience and responsibility across the Bank's operations. Further to the roll-out of the Climate Risk-Related Policy and the Environmental Social and Governance Policy, focus is now operationalising these key policy principles. Climate scenario testing and stress analysis are expected to enrich the Bank's capability to forecast and adapt to emerging climate challenges. For the forthcoming year, the Bank will be looking into enhancing client-level risk management, embedding climate considerations into the entire credit lifecycle and refining data metrics on physical and transition risk exposures. By formalising these efforts into measurable targets, including Scope 1 and 2 emissions baselines and green finance goals, the groundwork for a sustainable transition is being laid, guided by transparent metrics and a proactive strategy that supports both resilience and sustainable growth.

By maintaining a forward-looking approach, the Bank not only aims at strengthening its resilience against climate risks, but also at supporting global efforts to mitigate climate change through sustainable finance initiatives and responsible banking practices.

Since 2020, the Bank has been progressively developing a robust Environmental and Social Management System ("ESMS"), in line with the IFC Performance Standards, to ensure greater environmental and social efficacy amongst its customers. The ESMS makes it possible to:

- Bring the Bank's lending activities into compliance with good practices on social and environmental standards.
- Establishing applicable Environmental and Social (E&S) due diligence as per risk category during credit assessment.
- Ensuring adequate monitoring of projects during the reimbursement period.

The ESMS adopted by the Bank aims to identify, as early as possible, all environmental and social impacts of its financing and, where applicable, to provide corrective measures to avoid, mitigate or reduce these impacts during the maturity of the loans.

With business solutions evolving with more sophisticated financial products, the Bank is set to continue its journey in improving its ESMS framework to include climate factors as part of its credit risk assessment process.

Governance and reporting

Climate risk is managed through the Management Integrated Risk Committee. The Board Risk Management Committee has oversight over climate risk and receives quarterly reports to that effect.

Compliance risk

Overview and definition

Compliance risk is defined as the risk for potential losses and legal penalties, due to failure to comply with laws and/or regulations.

Approach to managing compliance risk

An independent compliance function is in place to identify, assess, monitor and report on whether the Bank is complying with applicable laws, regulations and internal requirements.

Compliance risk is mitigated through the implementation of adequate policies & procedures and internal controls throughout the Bank. Policies and procedures ensure the Bank operates within the parameters of the laws and international regulations as applicable, as well as international best practices, while internal controls ensure staffs comply with internal policies and procedures. Employees are also provided with relevant training on the application of policies and procedures, as well as on the regulatory framework in general.

The compliance team is accountable for the implementation of an effective regulatory and compliance framework, as outlined below:

- Identifying and assessing compliance risks;
- Providing advice/guidance on risk mitigation to compliance risk owners;
- Monitoring the adequacy and effectiveness of risk mitigation and controls; and
- Reporting on the compliance risk status.

The focus is to further embed the compliance culture across the Bank and enable the business to fully assume its first line of defence responsibilities.

Governance and reporting

The Regulatory and Compliance Framework is governed through the Regulatory Risk and Compliance Committee, which meets monthly and reports to the Management Integrated Risk Committee and the Board Risk Management Committee.

People risk

Overview and definition

People risk is defined as the risk of financial losses and negative performance related to inadequacies in human capital and the management of human resources. There are numerous and multi-faceted risks, ranging from workplace safety, absenteeism and succession planning, through to loss of key people and internal issues such as fraud and theft of material and intellectual property. Other issues include having the right skillset and right sizing the business to achieve its goals.

Approach to managing people risk

The success of the Bank is highly dependent on people. Programmes of work are ongoing to adjust the Bank's value proposition and inform its retention strategies. The Bank has instituted a range of reward and recognition initiatives to support client centricity, retain top talent and ensure its sustainable long-term performance. Executive Management has a strong focus on the identification and development of diverse talent pools. A dedicated team of Human Resource professionals is constantly in liaison with the Executive Committee and all employees to ensure effective and efficient people risk management.

Governance and reporting

People risk is managed through the Human Resources Committee and the Executive Committee. The Board Governance, Nomination and Remuneration Committee has oversight over people risk and receives quarterly detailed reports to that effect.

RISK MANAGEMENT AND CAPITAL

Strategic/business risk

Overview and definition

Strategic/business risk is defined as the risk of non-attainment of the planned strategic objectives, the consequences of inappropriate strategies or the decline in income or margins, that negatively affect profitability.

Approach to managing strategic/business risk

The Bank approaches strategic position and execution risks management as follows:

- Conduct impact analysis on the risk profile, from growth plans, strategic initiatives and business model vulnerabilities, with a view to proactively identifying and managing new risks or existing risks that need to be reprioritised as part of the strategy review process.
- Detailed business case analysis.
- Embedment of framework to evaluate risks and mitigating controls of new products and processes.
- Close monitoring of the profitability of product lines and customer segments.
- Maintaining tight control over the cost base, including the management of its cost-to-income ratio, which allows for early intervention and management action to reduce costs.

The strategic direction of the Bank is reviewed once a year and forms part of the annual business budget and operating plan. This is done in conjunction with the ICAAP and Risk Appetite review, so that a comprehensive approach is prudently adopted.

Governance and reporting

The Board Strategic and Investment Committee has oversight on strategic/business risk. The Executive Committee manages strategic/business risk operationally.

Reputational risk

Overview and definition

Reputational risk is defined as the current or potential risk to earnings and capital, driven by the adverse perception of the Bank from clients, counterparties, employees or regulators.

Approach to managing reputational risk

Principles are in place to identify, assess, escalate and effectively manage reputational risk. The Bank continues to dynamically assess and monitor reputational risk on a qualitative basis. A Reputational Risk Management Framework is in place to ensure the effective and consistent treatment of Reputational Risks across the Bank.

Governance and reporting

Reputational risk is managed through the Reputational Risk Management Framework, with monthly reporting to the Management Integrated Risk Committee. The Board Risk Management Committee has oversight over the Bank's reputational risks and receives quarterly reports to that effect.

Capital Management (Audited)

Capital adequacy assessment

As per Bank of Mauritius guidelines, the Bank is required to maintain a minimum Capital Adequacy Ratio (CAR) of 12.5% for the year 2024 onwards. Therefore, it is maintaining a capital conservation buffer of 2.5% for this year. The Bank has computed its CAR as at 31 December 2024 and ensures capital levels at all-time exceed the regulatory minimum capital requirements. The capital charge for operational risk is calculated under the Basic Indicator Approach and the capital charge for credit and market risk under the Standardised Approach.

As at December 2024, the Bank's CAR stood at 17.33% *(against a regulatory requirement of 12.5%),* out of which the Common Equity Tier I (CET I) CAR was 13.17% *(against minimum regulatory requirement of 6.5%),* which is well above the minimum requirement.

Core Capital (Tier 1 Capital)	Basel III Dec-22 Rs'000	Basel III Dec-23 Rs'000	**Basel III Dec-24 Rs'000**
Paid up capital	1,456,456	1,456,456	**1,456,456**
Statutory reserve	537,625	650,996	**736,109**
Retained earnings	1,646,082	2,021,147	**1,870,717**
Deductions			
Intangibles	(133,583)	(124,338)	**(140,153)**
Deferred tax	(44,015)	(31,540)	**(60,701)**
Defined benefits pension assets	-	(118,206)	**(149,331)**
Loss on fair value securities	(123,748)	(62,711)	**(13,646)**
Investment in other bank	(36,057)	(32,022)	**(35,026)**
Total Tier 1 Capital	**3,302,260**	**3,759,784**	**3,664,425**
Supplementary Capital (Tier 2 Capital)			
Reserves arising from revaluation of assets	60,218	60,218	**59,770**
Portfolio provision	249,915	133,071	**123,581**
General banking reserve	68,906	69,780	**190,637**
Subordinated debt	1,114,989	946,953	**782,396**
Total Tier 2 Capital	**1,494,027**	**1,210,021**	**1,156,384**
Total Capital Base	**4,796,287**	**4,969,804**	**4,820,809**
Risk weighted assets for:			
Credit risk	25,505,633	27,127,460	**25,137,511**
Market risk	95,336	37,393	**78,508**
Operational risk	2,102,156	2,336,973	**2,598,307**
Total Risk Weighted Assets	**27,703,125**	**29,501,826**	**27,814,326**
Tier 1 Ratio	11.92%	12.74%	**13.17%**
Capital Adequacy Ratio	**17.31%**	**16.85%**	**17.33%**

RISK MANAGEMENT AND CAPITAL

Risk weighted on balance sheet items

			Dec-22	Dec-23	Dec-24
		Risk Weight	Risk weighted		
	Rs'000	%	Rs'000	Rs'000	Rs'000
Cash in hand & with central bank	1,888,752	0%	-	-	-
Balance and placements with banks	19,383,345	20-100%	3,822,677	2,007,152	**4,070,036**
Balance in process of collection	10,291	20%	2,804	4,104	**2,058**
Treasury bills and GOM bills	5,382,290	0%	-	-	-
Other investment	4,208,469	0-50%	1,508,404	1,104,523	**783,963**
Fixed and other assets	758,540	100%	803,713	792,563	**758,540**
Loans and advances	23,710,812	0 - 150%	18,331,709	22,073,396	**18,378,908**
	55,342,499		**24,469,307**	**25,981,737**	**23,993,505**

Risk weighted off balance sheet items

	Credit conversion factor (%)	Risk Weight	Dec-22	Dec-23	Dec-24
			Risk weighted		
		%	Rs'000	Rs'000	Rs'000
Acceptances and bill of exchange	100%	100%	1,006,587	1,013,949	**665,703**
Guarantees, bonds etc.	50%	100%	19,570	79,420	**180,073**
Letter of credit	20%	100%	1,412	45,396	**14,307**
Foreign exchange contracts and others	1% to 7.5%	20-100%	8,757	6,958	**385,405**
			1,036,326	**1,145,723**	**1,245,488**

Risk weighted exposures

	Dec-22 Rs'000	Dec-23 Rs'000	Dec-24 Rs'000
Risk weighted on balance sheet assets	24,497,082	25,981,737	**23,993,505**
Risk weighted off balance sheet exposures	446,542	483,817	**1,144,006**
Risk Weighted on market risk	95,336	37,393	**78,508**
Risk Weighted on operational risk	2,102,062	2,336,973	**2,598,307**
Total risk weighted assets	**27,730,806**	**29,501,826**	**27,814,326**

Risk-weighted assets for market risk

	Dec-22 Rs'000	Dec-23 Rs'000	Dec-24 Rs'000
Foreign exchange risk	95,336	37,393	**78,508**
Equivalent risk-weighted assets	**95,336**	**37,393**	**78,508**

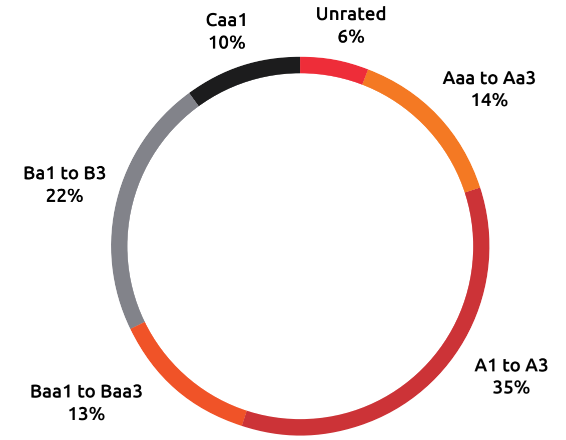
Risk-weighted assets for operational risk

	Dec-22 Rs'000	Dec-23 Rs'000	Dec-24 Rs'000
Average gross income for last 3 years	1,401,375	1,557,982	1,732,205
Capital charge	210,206	233,697	259,831
Equivalent risk-weighted assets	**2,102,062**	**2,336,973**	**2,598,307**

In line with the recommendations of the Bank of Mauritius guideline on the recognition and use of the External Credit Assessment Institutions (ECAI)[1], the ratings from the agencies listed below have been used in computing the relative risk weights for balance with foreign banks, lending to foreign entities and Banks and other foreign investments.

[1] ECAI includes Moody's, Standard & Poor's, Fitch, CARE Ratings & GCR.

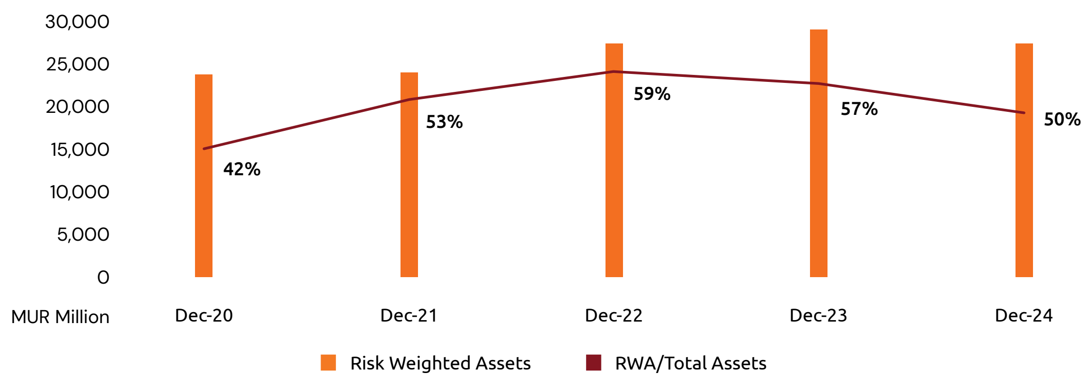
Exposures by risk grade



Note: For each exposure, we have selected Moody's assignment for the different ratings

The Bank has reviewed its portfolio to ensure that a proper mix of assets class is maintained from a risk and tenor point of view.

Risk WeightedAssets/Total Assets



There has been a decrease in risk weighted assets to total assets in 2024.

RISK MANAGEMENT AND CAPITAL

Internal Capital Adequacy Assessment and Supervisory Review Process

The purpose of the ICAAP is to inform the Board of the ongoing assessment of risk and how the Bank expects to mitigate those risks and proactively develop strategies to maintain its capital at the desired level.

ICAAP is a simulation exercise carried out to inform the Board on the Bank's risks and their impact on the Bank's business. It identifies all existing and probable future risks and assesses risk management and capital adequacy in relation to same, ensuring the Bank holds adequate capital in relation to the its risk profile.

The Bank's ICAAP document is reviewed yearly, or earlier if warranted, where the level of capitalisation of the Bank is determined using different types of plausible as well as unexpected stress scenarios. This allows the Bank to adopt a more prudential concept, proactively mitigating risk through multiple actions such as reviewing and changing limits on highly risky exposures.

Stress testing forms an integral part of the ICAAP. Stress testing is performed monthly to assess the impact for market risks and is reported to the Assets and Liabilities Committee. The Bank performs different kinds of stress testing techniques, including scenarios analysis and other techniques which are used to evaluate the potential negative impact on the capital available, caused by specific event or movement in risk factors, ranging from plausible to extreme conditions, based on a 3-year horizon.

Moreover, the supervisory review and evaluation process is used to evaluate the Bank's risk profile including an assessment of the Bank's level of risk, its internal regulations and strategies and also the risk management systems for the main risks, such as credit, operational, market, liquidity, strategic and reputation risks. It also determines whether sufficient capital cushion is available against any risks that may occur during a distress period.

Methodology and assumptions

Methodology and assumptions	
Risk type	**Assessment methodology**
Compliance risk	Qualitative assessment
Concentration risk	Stress testing
Country risk	Quantitative and qualitative assessment
Credit risk	Moody's Risk Analyst & Risk Calc Models for Institutional Obligors and banks
Interest rate risk in banking book	Gap analysis and stress testing
Liquidity risk	Ratio analysis and stress testing
Operational risk	Risk and control self-assessment
Reputation risk	Qualitative assessment
Strategic risk	Executive Committee and Board Strategy and Investment Committee in place to assess risks & opportunities

SUSTAINABILITY REPORT

1.0 The business landscape

2024 was characterised by a dynamic business landscape for Mauritius. The economy continued its upward trajectory, fuelled by a resilient tourism sector and steady growth in the financial services industry. Government initiatives to diversify the economy and attract foreign investment have shown promising results. However, the country faced challenges such as rising inflation and geopolitical tensions, which had an impact on its economic performance. Despite these headwinds, Mauritius remains a favourable destination for businesses seeking to establish a presence in Africa, offering a stable political environment, strong infrastructure and a skilled workforce.

Bank One navigated this landscape successfully, maintaining its financial performance and diversifying its customer base. The Bank's commitment to innovation and customer service positioned it well for future growth.

1.1 The Environmental, Social and Governance (ESG) and Financial landscape

Bank One acknowledges that a commitment to ESG will improve its performance and make it more sustainable. The Bank is thus committed to incorporating ESG principles into its operations, risk management practices and business growth strategies in a spirit of fostering sustainable long-term growth for all its stakeholders. Proactive identification and mitigation of ESG-related risks, such as climate change and social inequality, is key to ensuring the Bank takes appropriate actions to strengthen its financial resilience. Embracing sustainable practices in operations, like reducing energy consumption and waste, leads to cost savings. Moreover, fostering an inclusive and diverse workplace culture attracts and retains top talent thereby boosting productivity and performance. In an increasingly conscious market, demonstrating a commitment to ESG principles differentiates Bank One from competitors and attracts responsible investors and customers who value sustainability.

1.2 Operationalising ESG at Bank One

At the heart of our operations lies a steadfast commitment to ESG principles. As a responsible financial institution, we strive to create positive social impact, foster sustainable growth and uphold the highest standards of governance, ensuring our actions benefit both current and future generations.

1.2.1 Bank operational footprint

In 2024, Bank One made measurable progress towards its ambition of reducing Scope 1 and 2 carbon intensity. Through enhanced resource monitoring and targeted initiatives, the Bank is making progress towards optimising its operating environment.

Energy efficiency remained a key focus, with total consumption year-to-date recorded at 254,150 kWh. A notable achievement was a reduction in monthly electricity use, from 35,000 kWh to 32,000 kWh at the Bank's City Centre Office, further to the launch of an internal awareness campaign. Similarly, water consumption totalled 1,233 m^3 and diesel usage was contained at 42,688 litres for company-owned vehicles. Waste management initiatives, including a partnership with MAFTA Paper Recycling Company, resulted in the recycling of 4.3 tons of used paper and carton. Meanwhile, employee engagement remained a cornerstone of our efforts, with 400+ staff members actively impacted by the ESG-focused quarterly newsletter.

1.2.2 Digitalisation

In 2024, Bank One continued in its commitment to leveraging technology to enhance customer experience. Building on previous achievements, the Bank continued to reduce paper reliance by promoting digital statements, certificates and e-document processes. The Internet and Mobile Banking platforms are subject to ongoing improvements to promote straight through processing and paper-free transactions.

The POP app provides clients with 24/7 banking access, instant transfers and QR payments, fostering financial inclusion and minimising physical transactions. Internally, workflow digitalisation assisted in streamlining operations, thereby reducing manual tasks and paper usage.

SUSTAINABILITY REPORT

1.2.3 Engaged workforce

At Bank One, creating an environment where employees feel empowered and supported is central to fostering personal growth and organisational success. In 2024, the Bank's commitment to engagement, learning and development was reflected through several key initiatives. The Annual Employee Engagement Survey recorded an engagement level of 72%, a figure closely aligned with the market benchmark of 74%. This achievement highlights Bank One's ongoing focus on employee well-being, inclusivity and professional growth.

Learning and development remained a strategic priority, with employees benefiting from an average of 11.3 training hours across diverse programmes. These included mandatory, leadership and soft skills training programmes. Leadership training involved 50 employees, averaging 7.6 hours per participant, while 67.4% of the workforce participated in soft skills training delivered in person or through the Learning Management System (LMS). The Bank also reinforced cross-cluster expertise by implementing a secondment arrangement from shareholder groups.

By providing meaningful opportunities for skill development, leadership and cross-functional collaboration, Bank One continues to build an engaged and agile workforce. These efforts underpin its broader mission to drive excellence across all levels of the Bank.

1.2.4 Occupational safety and health

Bank One remains steadfast in its commitment to the health, safety and well-being of its employees. In 2024, the Bank undertook several initiatives to foster a secure and supportive work environment. A key highlight was the Annual Safety and Health Week, held in September 2024, which emphasised safety awareness through interactive workshops, health screenings and discussions on road safety, food safety and mental health. This event further strengthened the culture of safety across the Bank.

Throughout the year, Bank One ensured full compliance with Occupational Safety and Health (OSH) standards, by conducting regular inspections and updating safety procedures to align with regulatory requirements and industry best practices.

Employees participated in mandatory safety training programmes, enhancing their awareness of workplace risks and preventive measures. In addition, the Bank performed risk assessments to identify potential hazards and implemented mitigation strategies, to ensure a safe work environment.

Employee wellness remains a priority, with enhanced programmes focusing on mental and physical health. Counselling services, wellness initiatives and flexible work arrangements were introduced to promote a balanced and healthy work culture. Special attention was given to stress management and workplace ergonomics, to improve overall employee well-being. These efforts reflect Bank One's unwavering commitment to maintaining a safe, healthy and resilient workplace, ensuring employees feel valued and protected as they contribute to the Bank's success.

Bank One remains committed to providing a safe and healthy workplace for all employees. The Bank will continue to monitor Key Performance Indicators, address challenges and capitalise on opportunities to further enhance its safety and health posture.

1.2.5 Diversity and inclusion

Fostering an inclusive and equitable workplace is a key priority, driven by the Bank's commitment to zero tolerance for harassment, discrimination, corruption, bribery and fraud. Since 2022, several initiatives have been introduced to promote gender equity. These included Women Leadership Programmes and the introduction of a Mentoring Programme for women in leadership roles in 2024. All employees participated in mandatory training on gender equity through the Bank's Learning Management System, ensuring 100% engagement.

Significant progress was made in increasing representation across leadership levels, with women comprising 26% of Management Committee roles and 17% of Executive Committee positions as of 2024. Furthermore, 20% of directorship roles at Bank One are held by women, reflecting its ongoing efforts to advance female representation in decision-making positions.

1.2.6 Ethics and compliance

Bank One remains steadfast in upholding the highest standards of ethics and compliance, ensuring a culture of integrity across the Bank. In 2024, the Bank achieved a 100% completion rate for mandatory training programmes on Anti-Bribery and Corruption (ABC), Outside Business Interests (OBI) and Conflict of Interest (COI). Additionally, AML refresher training incorporated vital components of ethics, whistleblowing and compliance frameworks.

A formal whistleblowing mechanism is in place to reinforce accountability and encourage transparency. In November 2024, the Bank launched a comprehensive acknowledgment programme for the Code of Ethics and Whistleblowing Policy, enhancing its governance practices.

The Bank is committed to successfully addressing and resolving grievance cases. This underscores the Banks' commitment to zero tolerance for harassment, discrimination, bribery and fraud, while fostering a safe and ethical workplace. Looking ahead, the Bank remains on track to meet its 2025 goal of training all employees on ethics and whistleblowing mechanisms.

1.2.7 ESG communication

In September 2024, Bank One introduced its inaugural internal ESG newsletter, to sensitise staffs on ESG and ensuing initiatives. Through this medium, employees are kept informed of the Bank's progress against sustainability objectives.

The Bank is committed to start evaluating its readiness to align with IFRS S1 and S2 standards, a significant step in enhancing the transparency and robustness of its sustainability reporting framework.

2. Corporate Social Responsibility (CSR) in action

2.1 Bank One Community Action Relief and Empowerment (CARE).

In 2024, Bank One remained engaged towards its communities through its Community Action Relief and Empowerment (CARE) programme. The CARE framework aims to strengthen and maintain long-term relationships with its communities, while providing opportunities to the Bank's team members to participate in CSR activities focusing on financial inclusion, education and sustainable development. The Bank's Environmental and Social (E&S) Committee ensures the Bank's implementation of CSR initiatives and ensures staff volunteering is encouraged.

Key 2024 CSR figures

- **7 key CSR activities organised.**
- **2 joint initiatives** with CIEL Foundation through the ACTogether.mu social platform and The Ferney Valley Conservation Trust.
- **20+ NGOs and more than 150 beneficiaries** impacted directly or indirectly through the Bank's various CSR initiatives.
- **MUR 627,000** CSR spending.
- **70+ staff** availed of the CSR Leave to volunteer in community or sustainability-based initiatives organised by the Bank.

SUSTAINABILITY REPORT

2.1.1 EDUCATION

I. The Ecole Père Henri Souchon.

The Père Henri Souchon School is a vocational primary school situated in the vicinity of Pointe Aux Sables, supporting approximately 80+ unprivileged children aged 7 to 17 years old and living within and outside the Pointe Aux Sables region. The school is administered by the reputed NGO Oasis de Paix. The Bank brought the collaboration further in 2023, through a long-term programme in view of strengthening the NGO's staff capacity development in providing a state-of-the-art service to its beneficiaries.
In 2024, the Bank supported the school through two key activities held which were the full sponsorship of the school's annual sports day, held at the Germain Comarmond Stadium in Bambous, and the Health Awareness Day to sensitise students on good hygiene and a health check. The latter activity was held in collaboration with the Rotary Club, Le Reduit. On the same day, an environmental fresque was painted by the Bank on the school premises, with a view to promoting environmental awareness and conservation surrounding marine creatures and its environment.

II. The Jean Blaise Learning Centre of Pointe Aux Sables

The Bank's long-standing collaboration with the Jean Blaise Learning Centre dates back to 2020. The Jean Blaise Learning Centre is an after-school centre administered by the NGO "Association des Frères Auxiliaires". It is situated at the heart of the Jean Blaise Community in Pointe Aux Sables. Bank One has been supporting the NGO towards achieving its mission of empowering some 50 kids aged 6-11 years old, who are experiencing academic difficulties.

Operational support

As a continuity from the previous years, Bank One ensured the centre had the necessary operational funding to run its day-to-day activities with its beneficiaries and made sure all its students had a tea break session before the start of their classes. Moreover, it has become a tradition for the Bank to celebrate Christmas with the NGO and their beneficiaries. The 2024 Christmas party was held at Casela Nature Park.

2.1.2 DISABILITIES INCLUSION - Collaboration with ACTogether on PRO Workshop series

The Bank has had an ongoing collaboration with ACTogether.mu since 2022. **ACTogether.mu** is a collaborative platform in Mauritius, dedicated to promoting social causes and community engagement. It is part of CIEL Foundation and serves as a hub for various NGOs and community-based organisations (CBOs) to connect, share resources and collaborate on projects aimed at improving societal well-being. In 2024, Bank One co-hosted a workshop at its Corporate Offices, welcoming participants from 25 NGOs operating in various sectors. The workshop was moderated by reputed NGO Inclusion Mauritius and the focus was to educate participating NGOs on the social inclusion of disabled persons into their operating framework.

2.1.3 SUSTAINABLE DEVELOPMENT - Supporting efforts of the Ferney Valley Conservation Trust

The Bank has been in collaboration with the Ferney Valley Conservation Trust since 2021. Since then, it remained supportive of the Conservation Trust efforts and ensured conservation works continued progressing on the 1-hectare reforestation zone under the Bank's responsibility. The Bank organised a conservation activity day, whereby 24 employees joined hands to support the Ferney Valley's conservation efforts and sensitise the staff on the importance of protecting and restoring the valley's endemic environment.

2.2 Annual CSR Leave

2024 marked a memorable year for employee volunteering. The Bank introduced the "Annual CSR Leave", whereby each employee can apply for an annual day off to volunteer in a CSR activity organised by the Bank. Employee volunteering is seen by the Bank as a key component to bring value to its Corporate Social Responsibility (CSR) philosophy. Furthermore, it involves encouraging and supporting employees to volunteer their time and skills for community and non-profit causes. Since its formal introduction, over 70 employees have utilised their annual leave to volunteer for a dedicated cause.

CSR Initiatives in pictures

1. Environmental action: Conservation Day at the Ferney Valley

Employee volunteering at the Ferney Valley nursery plant

Planting activity at the Ferney Valley

2. Community: Supporting the Père Henri Souchon School

Annual Sports Day Celebration for the Père Henri Souchon School

Bank One and Rotary Club Le Reduit participating in a health talk delivered by Bank One staff to students of the Père Henri Souchon School

Environmental Fresque on school premises, painted by Bank One staffs, members of Rotary Club Le Reduit and students of the Père Henri Souchon School

SUSTAINABILITY REPORT

3. Community: Supporting the Jean Blaise Learning Centre of Pointe Aux Sables

IT literacy class to Grade 6 students of the Jean Blaise Learning Centre, facilitated by Bank One staff and held on bank premises

Distribution of school bags during the Christmas party held at Casela Nature Park

Annual Christmas party at Casela Nature Park

4. Disability Inclusion: Pro Workshop Collaboration With Actogether

Group picture of NGO participants to Pro Workshop, held at Bank One Corporate office and moderated by Inclusion Mauritius Disabilities Inclusion for NGOs

Health and Safety week In pictures

Roll over car event, in collaboration with the Mauritius Police Force, held at Astrolabe Building in Port Louis, to create awareness of the importance of using car safety belt

Blood donation by staffs during Safety and Health Week.