BANK ONE

EMPOWERING YOUR PROSPERITY

Annual Report 2024

A Financial Partner Rooted in Mauritius, Connected to the World

From our **strategic position** in Mauritius, we orchestrate bespoke financial solutions that bridge **continents and cultures**. Our deep understanding of African markets, combined with our domestic and **international reach**, allow us to offer access to one of the world's most dynamic economic frontiers – not as mere observers, but as **informed participants**.

Since the story of global finance today is **one** of **interconnection**, we help **sustainable success** spread seamlessly across societies, both locally and internationally. In today's global economy, we recognise that progress produces powerful ripple effects. Every breakthrough **builds bridges beyond borders** while cultivating community change.

Leveraging CIEL Group's century-long legacy of entrepreneurship and innovation and I&M Group's deep-rooted financial expertise in East Africa, we blend local insight with **international strength** to unlock new opportunities and drive growth across **Mauritius and beyond**.

To our circle of clients, we offer more than a **gateway to Africa** – we provide a **private passage to possibility**, where wealth meets wisdom.

We help transform **potential into performance**. Through each thoughtful solution and strategic decision, we remain committed to our singular purpose: **empowering your prosperity**.

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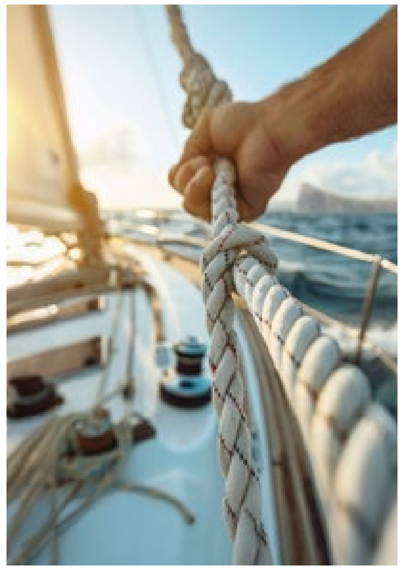
Leadership



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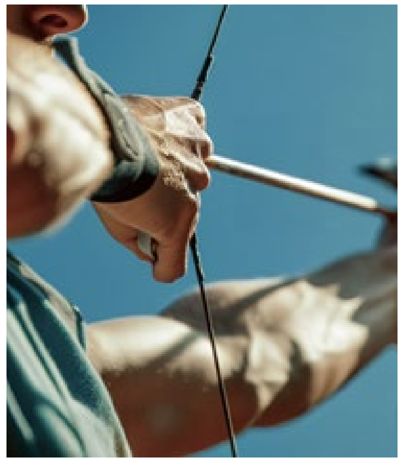

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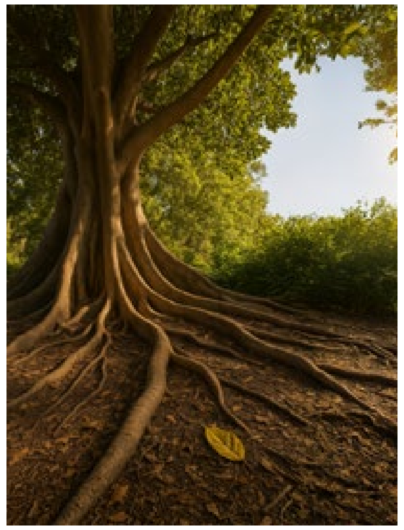

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WE PROVIDE STRATEGIC SUPPORT FOR VISIONARY LEADERS

Our Purpose

Empowering your prosperity

AT A GLANCE

Our Strategic Aspiration

Becoming Africa's preferred gateway

Our Values

Integrity
We are truthful, ethical and committed to doing the right thing.

Innovation
We are creative, bold and embrace doing things differently, with our customers in mind.

Courage
We speak up, hold each other to account and challenge each other to constantly improve.

Respect
We value everyone and treat them with respect and fairness.

Trust
We believe in, count and rely on each other to deliver consistently and walk the talk.

Collaborators

417

Clients

+50,000

Our 3 business lines

Consumer, Private Banking & Wealth Management

Corporate and Institutional Banking

Treasury Services

AT A GLANCE

Our accolades in 2024

Bank One has been consistently recognized in various categories over the years, and we are proud to be repeat winners in some:

CFI.co Awards 2024

Best International Banking Services (Indian Ocean) 2024

Best Custodian Bank (Indian Ocean) 2024

Global Finance World's Best Private Banks Awards 2024

Best Private Bank in Mauritius 2024

Global Finance SME Bank Awards 2024

Best SME Bank (Mauritius) 2024

The Digital Banker's Digital CX Awards 2024

Outstanding Use of Digital Channels to Enhance Customer Experience

Our reputation is further enhanced by long-term relationships with prominent development finance institutions, including the German Investment Corporation (DEG), the International Finance Corporation (IFC), and the French Development Agency (Proparco). Bank One holds a 'BB-' rating with a Stable Outlook from Fitch Ratings (as at June 2024).

Looking forward, Bank One remains committed to empowering prosperity by fostering growth, innovation, and success for businesses and individuals. We continue to provide the strategic support, tools, and financial solutions necessary for businesses and individuals to expand and succeed across Africa and beyond.

Business Registration No:

C07040612

Registered Office:

16, Sir William Newton Street
Port Louis, Mauritius
Telephone: (230) 202 9200
Fax: (230) 212 8883
Website: www.bankone.mu

Nature of Business:

Bank One is licensed by the Bank of Mauritius (BOM) to carry out banking business in Mauritius.

The Bank also holds the following licences issued by the Financial Services Commission of Mauritius:

a. Licence to act as Insurance Agent in Mauritius
b. Licence for distribution of financial products in Mauritius
c. Investment Adviser (Unrestricted) Licence in Mauritius
d. Custodian Licence
e. Custodian Services (NON-CIS) Licence

External Auditor:

PricewaterhouseCoopers
PwC Centre,
Avenue de Telfair
Telfair 80829
Moka
Mauritius

Main correspondent banks:

Abu Dhabi Commercial Bank
Bank Of China Johannesburg Branch
Citibank NA, London
Citibank NA, New York
DBS Bank Ltd
I&M Bank Ltd
I&M Bank (Uganda) Limited
JP Morgan Chase Bank
Mashreqbank Psc.
Mizuho Bank, Ltd.
CRDB Bank Plc
SBM Bank (Mauritius) Ltd, Mumbai
Standard Bank Of South Africa Limited
Sumitomo Mitsui Banking Corporation
BNI Madagascar

AT A GLANCE

Our regional footprint

Our presence
Madagascar, Kenya, Uganda, Rwanda, Tanzania, Mauritius

Our country coverage
Malawi, Nigeria, Ivory Coast, Botswana, Namibia, Ghana, Senegal, South Africa, Democratic Republic of Congo (DRC)

Branch & Corporate Office network

Corporate Office

Bank One Waterfront
Astrolabe Building, Port Louis Waterfront, Port Louis

Phone: +230 202 9200
Email: contactcentre@bankone.mu

Branch

Bank One City Centre & Main Branch
16, Sir William Newton Street, Port Louis

Flacq
Charles de Gaulle Street, Central Flacq

Rose Hill
342, Royal Road, Rose Hill

Quatre Bornes
74, St Jean Road, Quatre Bornes

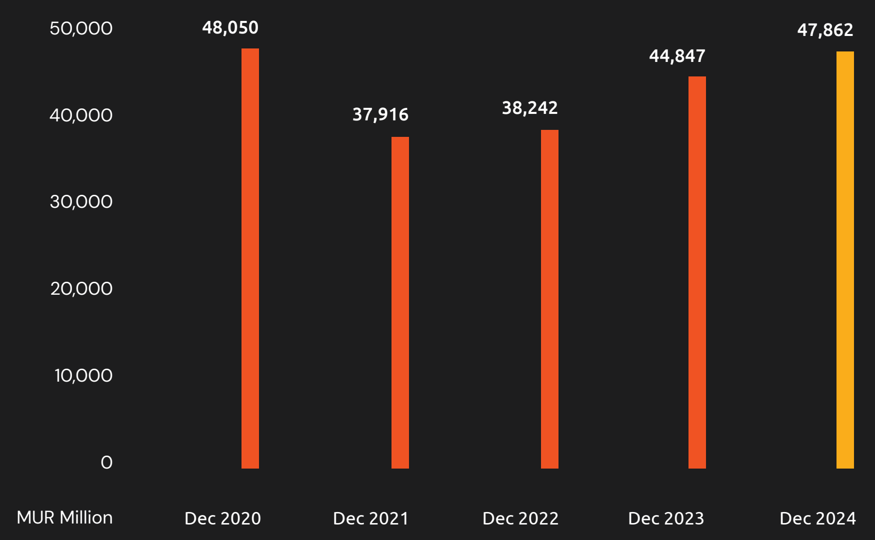
Vacoas
John Kennedy Avenue, Vacoas

Curepipe
A10, Royal Road, Curepipe

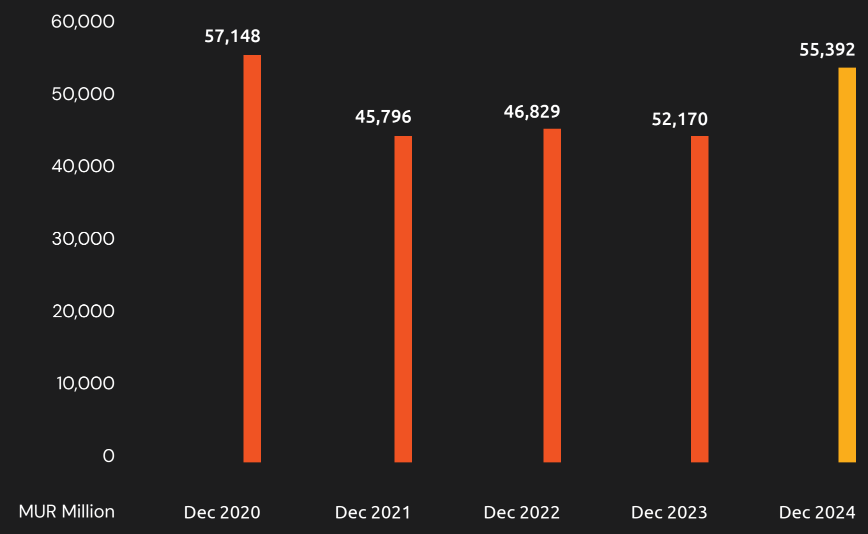
Rose Belle
G-29, Centre Commercial du Vieux Moulin, Rose Belle

FINANCIAL HIGHLIGHTS

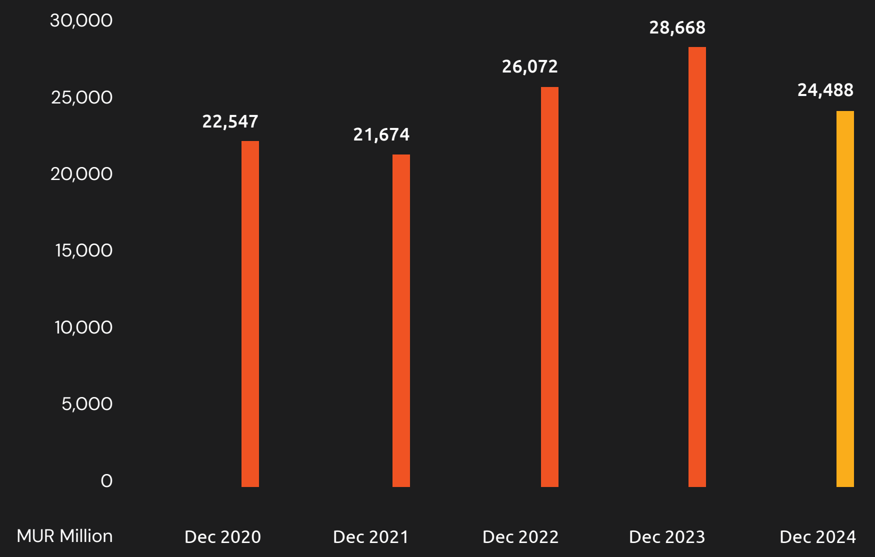
Total Deposits



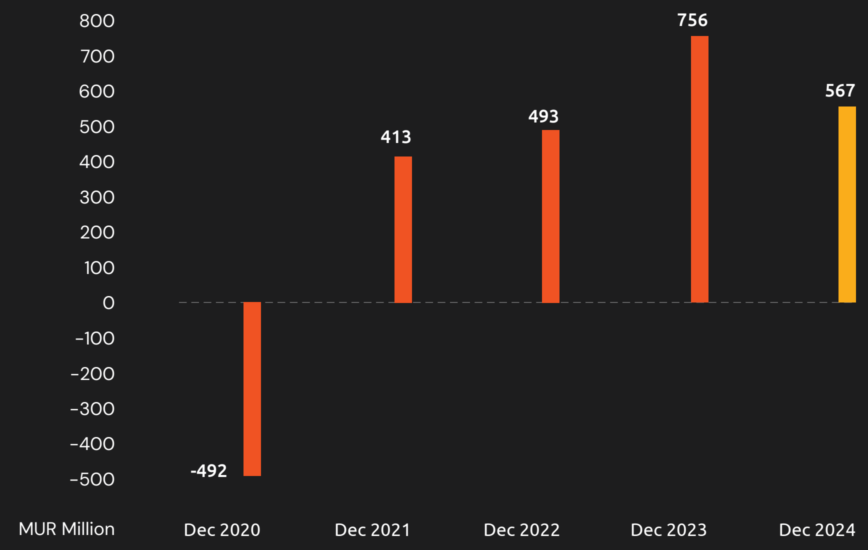
Total Assets



Gross Advances

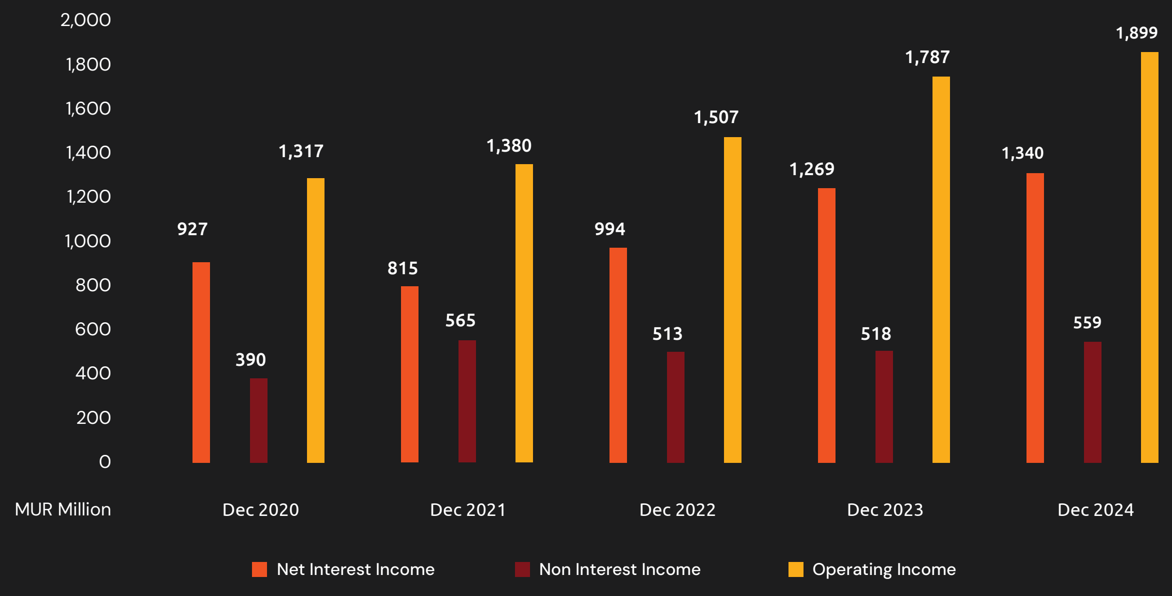


Profit After Tax

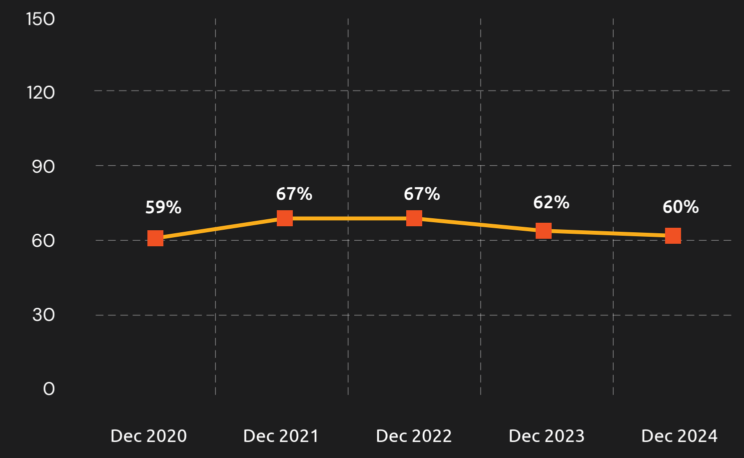


FINANCIAL HIGHLIGHTS

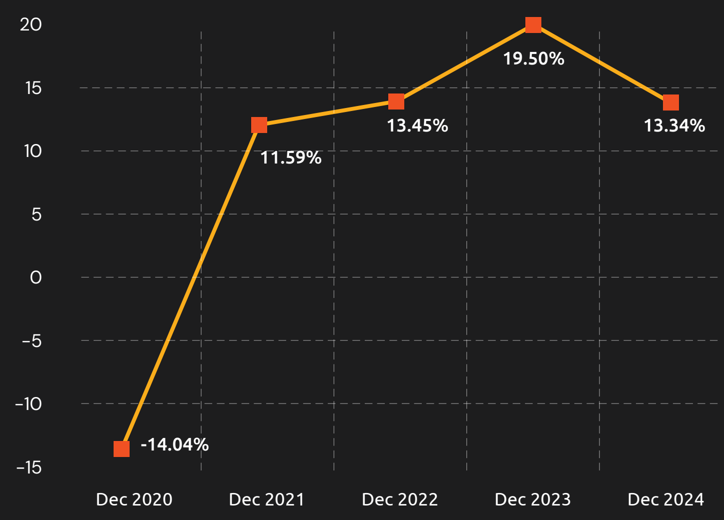
Net Interest, Non Interest and Operating Income



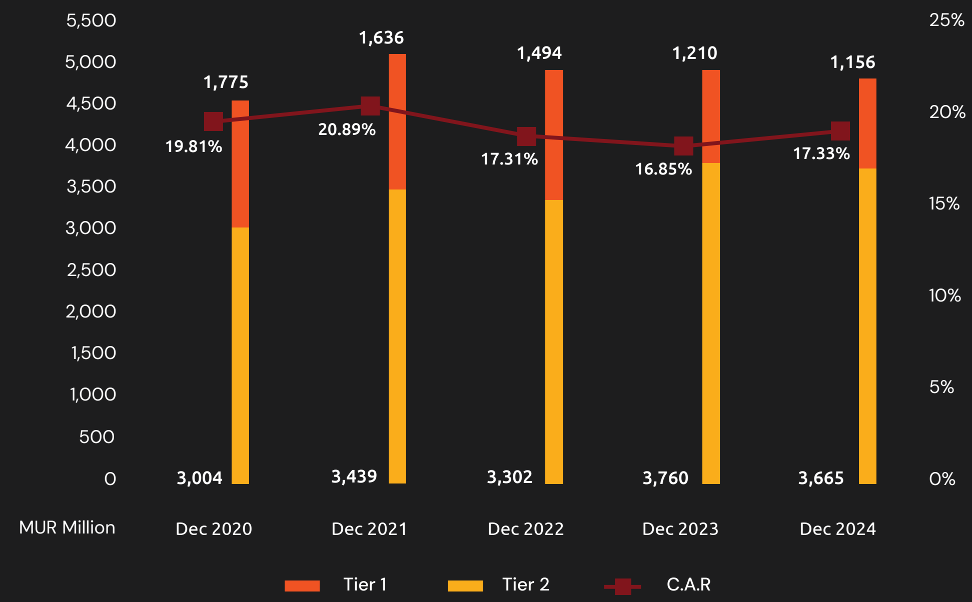
Cost to Income Ratio



Return on Equity



Capital Adequacy Assessment



WE FORGE STRONG CONNECTIONS THAT CREATE LASTING IMPACT

CHAIRPERSON'S REPORT

Dear Shareholders

Introduction

Global economic activity demonstrated greater than expected resilience in 2024. The year presented a mixed bag of challenges and opportunities, marked by significant transformation, shaped by global economic uncertainty, geopolitical instability, and shifting financial market dynamics.

Despite inflationary pressures, supply chain disruptions, and rising interest rates impacting businesses and consumers, Bank One remained steadfast in its commitment to sustainable growth and long-term value creation.

CHAIRPERSON'S REPORT

Global Economy

In 2024, the global economy showed signs of stabilization after a period marked by significant disruptions, though growth remained below historical averages. Economic recovery was evident in several regions, with emerging markets demonstrating resilience. However, global market activity continued to be influenced by persistent macroeconomic challenges, including inflationary pressures and supply chain disruptions. Political events, such as elections in major economies, the ongoing Russia-Ukraine conflict, and rising tensions in the Middle East, further complicated the geopolitical landscape, contributing to ongoing uncertainty in international markets.

In addition to geopolitical factors, climate shocks and extreme weather conditions also weighed heavily on both global and local economies. On a more positive note, advancements in AI and Generative AI began to make their mark, presenting significant opportunities for future growth. At the same time, macroeconomic volatility and higher interest rates led to an increase in our NPL ratio.

Sub-Saharan Africa Economy

Growth in Sub-Saharan Africa "picked up in 2024, rising from 2.9% in 2023 to an estimated 3.2% in 2024" (World Bank, January 2025 Global Economic Projections). The region showed resilience despite challenges such as a slowdown in key economies, persistent inflation prompting monetary policy interventions, high government debt, elevated interest rates narrowing fiscal space, political turbulence linked to fiscal pressures, and climate change-induced shocks. However, the outlook for 2025 is more positive, with growth forecasted at 4.1%, driven by improved energy availability, infrastructure development, inflation stabilization, stronger fiscal positions, increased output in resource-dependent countries, and a rise in investment activity.

Local Economic Landscape

The Mauritian economy continues to grow, supported by strong momentum in tourism and investment. The government's revised projection indicates 5.1% growth for 2024 (down from 6.5%) and 5.6% growth in 2023 (adjusted from 7%). Tourist arrivals in 2024 surpassed the 2018 record, with rising tourist spending, making tourism revenues about 13.5% of GDP. Private investment in the second quarter of 2024 reached 21% of GDP, primarily in construction, with notable activity in both residential and non-residential buildings. However, labor shortages are increasingly limiting growth in sectors like tourism, construction, and ICT. Manufacturing growth weakened further, especially in the textiles sector. Despite these challenges, the Bank of Mauritius estimates growth between 3.5% and 4.0% for 2025, though the economy remains sensitive to global shocks, particularly inflation.

Bank One Performance

In 2024, Bank One continued to execute its strategy, strengthening its core business segments and embarking on internal transformations that position it to build scale and grow sustainably in a dynamic operating environment. Our resilience and adaptability have yielded positive outcomes, demonstrating our ability to navigate uncertainty while seizing new opportunities.

Financial Performance and Strategic Growth

Bank One delivered good financial results, despite the challenges encountered in 2024, reflecting its commitment to disciplined execution and strategic growth. The bank has experienced growth of 6% in its balance sheet and reported profit after tax of MUR 567 million representing a return on average equity of 13.34%. This progress is underpinned by significant advancements in the Private Banking and Wealth Management business, as well as Non-Interest Income growth driven by Treasury operations.

Looking ahead, we anticipate accelerated asset growth in 2025, supported by a focused strategic direction. In addition, the Bank maintained its Fitch rating and earned several accolades in both local and international markets, reinforcing its reputation for excellence and stability.

BANK ONE LIMITED | ANNUAL REPORT 2024

Our ESG Focus: Creating a World We Can All Be Proud Of

Bank One remains committed to strengthening its ESG and climate risk management capabilities. We will establish clear internal structures for managing climate and environmental risks, ensuring that our teams have the necessary resources, skills, and expertise. Concurrently, we are nurturing an inclusive and diverse workplace culture, recognizing that this approach not only supports our ESG objectives but also attracts top talent and drives higher productivity. This vision underpins our efforts to create a future where responsible growth and positive impact go hand in hand.

Empowering Your Prosperity

At the heart of our strategy is a commitment to client-centricity, delivering tailored solutions that align with our customers' ambitions. Whether facilitating cross-border transactions, supporting business expansion, or offering sophisticated wealth management services, we remain dedicated to unlocking opportunities and fostering sustainable growth.

As we continue our journey, we remain committed to our mission of empowering prosperity-ensuring our clients, employees, and stakeholders thrive in an increasingly connected and evolving financial landscape.

Acknowledgements

I extend my heartfelt appreciation to those who have played a pivotal role in Bank One's success. First and foremost, I wish to thank Leonard Mususa for his exemplary seven years of service on the Board. His strategic insights and dedication have significantly strengthened our governance framework and operational effectiveness.

I also thank Mark Watkinson for his leadership during his four-year tenure as CEO. With the appointment of Sunil Ramgobin as our new CEO, I am confident that his extensive experience, both locally and internationally, will guide Bank One through its next phase of growth and strategic execution.

Finally, I express my deepest gratitude to my fellow Directors, who play a critical role in steering the Bank towards its vision, and the entire Bank One team. Your dedication, expertise, and resilience continue to drive our success, and I look forward to an even more prosperous 2025 with your unwavering support.

Roselyne Renel

Chairperson of the Board

CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to present my first Bank One Annual Report for 2024. Since assuming office in mid-October, the focus in the beginning weeks was on understanding our franchise by engaging with our people, customers, shareholders, regulators, and ecosystem partners. This has provided me with a profound understanding of the Bank One business model, strategy, operations, and the meaningful impact we have both locally and beyond borders in our pursuit of empowering prosperity. I have witnessed firsthand the tireless efforts of our teams, and the trust placed in us by the individuals we support, our trusted stakeholders, the broader community, and all those who guide our journey.

Sunil **Ramgobin**

CHIEF EXECUTIVE OFFICER'S REPORT

As highlighted in the Chairperson's Report, 2024 brought its share of obstacles, including global market uncertainty, rising inflation, and geopolitical conflicts. Despite these challenges, Bank One delivered a good performance from a PBIT perspective, reflecting our agility, innovation, and consistent focus on delivering value. This report highlights how we have leveraged our strengths to adapt, succeed, and prepare for continued growth in the coming years.

Our numerous prestigious accolades, including Best Custodian Bank (Indian Ocean), Best Private Bank (Mauritius), Best International Bank (Indian Ocean), and Best SME Bank (Mauritius) are a testimony to our relentless commitment and ongoing efforts to provide the best possible services and products to our customers.

Bank Strategy

As a universal bank anchored in Mauritius and spanning Sub-Saharan Africa, Bank One holds a distinct position in the region's financial sector. Leveraging our global partnerships and extensive market knowledge, we deliver bespoke financial solutions tailored to diverse client needs. Our strategic focus on cross-border banking activities, particularly in Corporate and Institutional Banking, as well as Private Banking and Wealth Management, continues to be a major growth engine. Africa, the world's second-fastest growing region, presents significant opportunities in Trade, Treasury, Payments, and Wealth Management. Backed by the capabilities and regional insights of our shareholders, I&M and CIEL Group, Bank One commands a competitive advantage that drives value for our clients while effectively identifying opportunities and managing risk. Domestically, we are enhancing our positioning in the Corporate, Private Banking and Retail segments to create additional value for our clients. We remain dedicated to upholding a robust regulatory framework in line with local and international standards, ensuring the utmost integrity and transparency in all our operations. Our key strategic priorities include expanding our Corporate and Institutional Banking services, capitalizing on Africa's economic growth, strengthening our domestic offerings, and maintaining the highest standards of regulatory excellence.

Financial Performance Highlights

Bank One achieved a 6% growth in total assets and revenue, with a return on equity of 13.34%. The bank reported a profit before impairment of MUR 755 million, reflecting an 11% growth over the previous year.

The Non-Performing Loan (NPL) ratio remained high at 6.04%, influenced by a cross-border exposure classification. The bank's Capital Adequacy Ratio stood at 17.33%, well above the regulatory requirement of 12.50%. Additionally, the consolidated Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) were at very comfortable levels: 227% and 159%, respectively.

Corporate and Institutional Banking

Bank One international corporate business continued to play a vital role in the contribution of the bank's revenue generation, maintaining solid performance despite a challenging macroeconomic environment and strategic shifts. Enhanced platform capabilities fueled significant growth in international payments, while our trade finance activities showed strong potential, backed by relationships with leading development finance institutions such as the African Development Bank and our financing partner, DEG.

On the domestic front, our corporate segment achieved a 13% increase in revenue and a 62% rise in profit before impairment. Looking ahead, we anticipate stronger momentum in 2025 as we advance strategic initiatives and deepen client relationships.

Consumer, Private Banking and Wealth Management

The Bank's international securities and custody business recorded notable growth, driven by strong synergies with financial institution clients across the region. This performance reinforces our position as a wealth management hub for Sub-Saharan Africa.

Meanwhile, our Retail segment faced domestic market pressures—such as elevated funding costs and limited FX availability—yet remained profitable through disciplined management and a focus on delivering value in challenging conditions.

Building Excellence at Core

Our digital transformation efforts centered on enhancing core platforms—Internet Banking and Mobile Banking—alongside optimizing key processes such as bulk payments and straight-through processing. We also enhanced our open banking architecture (POP) to broaden our universal payment capabilities.

These initiatives, along with the continuous streamlining of internal processes and enhancement of our value propositions, position us to scale efficiently and drive sustainable growth.

Looking Ahead – 2025

Looking ahead to 2025, inflation is projected to average around 3.5%, remaining within the central bank's preferred range. While geopolitical considerations continue to influence the global landscape, much of the prevailing uncertainty centers on shifting trade policies.

A potential easing of international tensions could strengthen supply chains and trade flows, particularly benefiting African markets. Technological advancements are poised to further drive growth and development, though climate- and weather-related shocks present ongoing risks-especially for developing economies. Additional interest rate cuts may offer relief to sovereigns, with improved credit availability supporting higher GDP growth.

Bank One is well-positioned to advance its Sub-Saharan Africa-focused strategy, working closely with our partners and Shareholders Network. By leveraging our Mauritian roots and regional expertise, we aim to unlock significant opportunities and foster sustainable growth across the continent.

Strategic Pillars for Continued Success

Our future success is built upon key strategic pillars that drive sustainable growth:

1. **A Culture of Excellence**

   Bank One continues to enhance its value propositions through focused innovation and digital transformation. Our goal is to build digital-enabled operational excellence and customer-centric solutions that elevate the banking experience.

2. **Regional Growth and Market Relevance**

   We remain committed to supporting economic development across sub-Sahara Africa while reinforcing our domestic market presence. Our shareholder collaboration provides us with a competitive advantage in key markets, particularly in East Africa and Madagascar, allowing us to better serve our customers and unlock shared value.

3. **Customer-Centricity, Agility, and Innovation**

   In an evolving financial services landscape, we recognise the importance of adaptability. Our business and operating model are continuously refined to enhance competitiveness, ensuring we meet the dynamic needs of our customers through scalable and cost-efficient solutions.

4. **Building a Solid Foundation for Growth**

   Strengthening our risk management capabilities remains a priority. In 2024, we reinforced risk oversight across the organisation, and we will continue to enhance these capabilities in 2025 and beyond to support sustainable growth.

5. **A Winning Team and Culture**

   Our people are at the core of our success. Bank One is committed to investing in talent development, fostering a high-performance culture, and ensuring our workforce remains aligned with our values. By nurturing a dynamic and inclusive workplace, we empower our employees to deliver superior customer experiences.

6. **Commitment to Environmental, Social, and Governance (ESG) Principles**

   Bank One acknowledges that a commitment to ESG will improve its performance and make it more sustainable. It 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.

Concluding Remarks

I extend my sincere gratitude to Mr. Mark Watkinson for his invaluable leadership over the past four years, to the entire Bank One team for their unwavering dedication and collaboration, to our Board of Directors and shareholders for their strategic guidance, to our regulators for their continued support in ensuring compliance and stability, and, most importantly, to our customers, who remain at the heart of everything we do. While 2024 presented its challenges, our resilience and collective effort have positioned us for a brighter and more prosperous 2025, and I look forward to achieving even greater milestones together.

Thank you for your continued support and trust in Bank One Limited.

Sunil Ramgobin

CEO & Director

DIRECTORS' PROFILES

From left to right.

Lakshman Bheenick • Kihara Maina • Marc Israel • Roselyne Renel • Gauri A. Gupta • Moonesar Ramgobin (Sunil Ramgobin) • Tchang Fa Wong Sun Thiong (Cyril Wong) • Ignacio Serrahima Arbestain (Ignasi Serrahima) • Jérôme de Chasteauneuf

DIRECTORS' PROFILES

Roselyne Renel
Independent Chairperson

Moonesar Ramgobin (Sunil Ramgobin)
Chief Executive Officer & Executive Director

Lakshman Bheenick
Non-Executive Director

Jérôme de Chasteauneuf
Non-Executive Director

Gauri A. Gupta
Non-Executive Director

Kihara Maina
Non-Executive Director

Ignacio Serrahima Arbestain (Ignasi Serrahima)
Independent Director

Marc Israel
Independent Director

Tchang Fa Wong Sun Thiong (Cyril Wong)
Independent Director

Mark Watkinson
Chief Executive Officer & Executive Director
Resigned on 31.08.2024

Leonard C. Mususa
Independent Director
Resigned on 22.04.2024

DIRECTORS' PROFILES

Roselyne Renel

Independent Chairperson

(Appointed as Independent Director on 24.05.2021 and Chairperson on 01.01.2022; Non-resident)

Roselyne Renel is based in the UK and is currently the Group Chief Credit Officer of Lloyds Banking Group (LBG). Prior to joining LBG, Roselyne was employed by Standard Chartered Bank (SCB) as the Group Head, Enterprise Risk Management (January 2016 to January 2020) and Group Chief Credit Officer (November 2013 to December 2015). Before joining SCB, she spent two and half years at Standard Bank of South Africa as Chief Risk Officer for the Corporate & Investment Banking division and just over 16 years at Deutsche Bank, where she held various senior roles, including Chief Credit Officer for Emerging Markets and the Investment Bank.

Roselyne followed a senior executive advanced management programme at the University of Columbia, USA. She completed the Credit Risk Graduate programme delivered by Manufacturers Hanover Trust (now JP Morgan Chase) and also holds an Accounting & Bookkeeping Advanced Certification from the London Chamber of Commerce.

Moonesar Ramgobin (Sunil Ramgobin)

Chief Executive Officer & Executive Director

(Appointed on 11.10.2024; Resident)

Sunil Ramgobin is an accomplished banking professional with over 30 years of experience across various sectors within the industry. His expertise spans Corporate and Investment Banking, Retail Banking, Business/SME Banking, Wealth Management, Custody and Islamic Banking. Prior to joining Bank One, Sunil served as the Chief Business Officer and Executive Director of Absa Bank (Mauritius) Limited. His extensive career includes key leadership roles in prominent financial institutions in the Middle East and Mauritius, including Al Rajhi Bank, BNP Paribas, BPCE Group, State Bank of Mauritius (SBM) and Standard Bank Group.

Lakshman Bheenick

Non-Executive Director

(Appointed on 01.06.2021; Resident)

Lakshman Bheenick is currently the CEO of CIEL Finance Limited. Prior to joining CIEL Finance Limited, he was the CEO of Standard Bank (Mauritius) Limited from June 2010 to February 2021. Prior to that, he held the position of Head of Global Markets from June 2006 to May 2010. He started his career in 1996 as Head of Market Making & Liquidity Management at Barclays Bank Plc in Mauritius and left in June 2006. Lakshman holds a BA (Econ) from the University of Manchester.

Jérôme de Chasteauneuf

Non-Executive Director

(Appointed on 25.08.2021; Resident)

Jérôme de Chasteauneuf currently serves as the Group Finance Director of CIEL Limited (CIEL), one of the largest diversified investment groups in Mauritius. Since joining CIEL in 1993, Jérôme has been instrumental in the Group's development and involved on multiple strategic IPOs, international expansion projects, merger & acquisitions and company restructuring.

In addition to overseeing the Group's financials, Jérôme is a Board member of most of the CIEL Group's subsidiaries, including listed entities Alteo Limited, Miwa Sugar Limited and Sun Limited. Jérôme de Chasteauneuf also sits as a Non-Executive Director on the Board of the Stock Exchange of Mauritius and that of Harel Mallac & Co. Ltd.

He is a Chartered Accountant of England and Wales and holds a BSc Honours in Economics from the London School of Economics and Political Science, UK (1989).

Gauri A. Gupta

Non-Executive Director

(Appointed on 02.03.2017; Non-resident)

Gauri Gupta heads I&M Group's Corporate Advisory function. Gauri's forte lies in M&A transactions, including transaction structuring and negotiation of legal documentation. She holds a B.Com degree and is a Chartered Accountant from the Institute of Chartered Accountants of India. Gauri is also a certified International Mergers & Acquisitions Expert and a Charterholder of the Institute for Mergers, Acquisitions and Alliances. Her experience of over 25 years in Banking covers Credit, Risk Management, Product Development, Finance and Strategic Planning.

Gauri has been instrumental in the enhancement of the corporate governance framework at I&M for over 15 years and oversees governance matters, investor relations and sustainability for I&M Group Plc, the parent entity for I&M Bank Group, listed on the Nairobi Securities Exchange.

Gauri is a director on the Board of several companies under the I&M Bank Group.

Kihara Maina

Non-Executive Director

(Appointed on 01.09.2023; Non-resident)

Kihara Maina has been the Regional CEO of I&M Group since February 2023. He was the Chief Executive Officer of I&M Bank in Kenya from May 2016 to February 2023 and is a seasoned banker with experience spanning close to 30 years, mostly in senior executive leadership roles. Prior to joining I&M Bank, he was the Managing Director of Barclays Bank Tanzania Limited (now Absa Bank Tanzania Limited).

Kihara holds a Bachelor of Science degree in Mathematics from the Moi University and an Executive Master of Business Administration in Finance from Chicago Booth School of Business.

Ignacio Serrahima Arbestain (Ignasi Serrahima)

Independent Director

(Appointed on 16.04.2019; Non-resident)

Ignasi Serrahima has been a freelance consultant since March 2014, advising various entities in Madrid, Barcelona, Dubai, Riyadh, Nairobi and Mumbai, in areas of strategic development and human resources. Prior to launching his consultancy business, Ignasi occupied various M&A roles at Banco Popular Espanol, S.A (Madrid) and Bankinter, S.A. (Madrid) between September 2000 to March 2014. He holds a degree in Business Administration and an MBA at ESADE, Spain, as well as a Master's in International Management from the Thunderbird School of Global Management, USA.

Marc Israel

Independent Director

(Appointed on 27.05.2022; Resident)

Marc Israel is an accomplished Entrepreneur, Author and Public Speaker, with a successful career spanning various technology industries. After a 17-year stint at Microsoft, where he served as the Chief Technology Officer for sub-Saharan Africa and had the privilege to launch Office 365 across the continent, Marc leveraged his extensive technical leadership experience to set up Aetheis, Mo Angels and Globe4Tech. These companies operate in the domains of cognitive services, blockchain and startup investment services. Additionally, Marc holds a Non-Executive Director position at Mauritius Network Services and Turbine and lectures at the Université des Mascareignes, Curtin University/Charles Telfair Education and HEC Paris.

Marc's educational background includes a degree in Robotics and Engineering from École Supérieure d'Ingénieurs en Électrotechnique et Électronique in Paris. He has also completed prestigious INSEAD and Wharton Executive Education programmes, for which he achieved distinction.

DIRECTORS' PROFILES

Tchang Fa Wong Sun Thiong (Cyril Wong)

Independent Director

(Appointed on 01.08.2023; Resident)

Cyril Wong was a Non-Executive director and Chairman of the Audit Committee of ABSA Bank (Mauritius) Limited from August 2014 to July 2023. Prior to that, he was the executive director and vice chairman of the Board of the Barclays Bank (Mauritius) Limited. Before joining the Board, Cyril held a number of senior management positions at Barclays Bank (Mauritius) Limited, including the roles of Finance Director and Chief Compliance and Risk Officer.

Before joining Barclays Bank (Mauritius) Limited, Cyril held senior executive positions as Head of Finance in multinational companies like ExxonMobil and British American Tobacco. He has an extensive experience in board leadership roles and acts as independent director on a number of companies. Cyril holds a First-Class Honours degree in Physics from the University of Manchester. He is a Fellow of the Institute of Chartered Accountants in England and Wales and is also a Fellow of the Mauritius Institute of Directors.

Directorship in listed entities: ABC Motors Co Ltd, MDIT, Sanlam Africa Core Real Estate Investment Limited and Avanz Growth Markets Limited.

Mark Watkinson

Chief Executive Officer & Executive Director

(Appointed on 01.04.2020; Resident. Resigned on 31.08.2024)

Mark Watkinson has been a career banker with the HSBC Group for 33 years, during which time he held senior leadership roles in 10 countries in North America, Europe, Asia and the Middle East. Besides serving as the Bank's CEO, Mark was also the Chairman of the Mauritius Bankers Association from June 2023 to August 2024 and Chairman of the Mauritius Institute of Directors from September 2023 to August 2024.

Mark holds a law degree and is a Barrister at Law in the United Kingdom. He is an Associate of the Chartered Institute of Bankers, holds an MBA (with Distinctions) from the University of Warwick and is also a qualified Chartered Director from the Institute of Directors, United Kingdom.

Leonard C. Mususa

Independent Director

(Appointed on 02.03.2017; Non-Resident. Resigned on 22.04.2024)

Leonard Mususa is a Private Management Consultant with extensive experience in transaction services, including due diligence and business valuations, business recovery and reconstruction services.

Leonard previously worked with PwC for 36 years and developed expertise in corporate governance, financial reporting, transaction services, financial risk management and control. He served as Country Senior Partner with PwC (Tanzania) for 14 years prior to his retirement. He also served in other roles, including Head of Assurance Risk and Quality in the PwC Africa Central region for three years and Head of Risk, Independence and Quality in the East Africa Market Area for a period of two years. Leonard also holds directorships in the financial and consumer industrial sectors. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and Fellow Certified Public Accountant (Tanzania).

SENIOR MANAGEMENT TEAM'S PROFILE

From Left To Right.
Guillaume Passebecq • Bunsrajsing (Ashish) Gowreesunker • Valerie Duval • Ranjeevesingh (Ranjeeve) Gowreesunkur • Normela Maunick • Kareen Ng Chit Wing • Rishyraj (Rishy) Lutchman • Priscilla Mutty • Eric Hautefeuille • William Mulusa

SENIOR MANAGEMENT TEAM'S PROFILE

Eric Hautefeuille
Chief Operations Officer

Ranjeevesingh (Ranjeeve) Gowreesunkur
Chief Financial Officer

Normela Maunick
Interim Chief Risk Officer

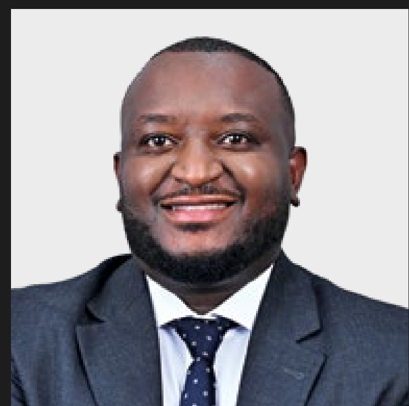
Guillaume Passebecq
Head of Private Banking & Wealth Management

Rishyraj (Rishy) Lutchman
Head of Treasury & Acting Head of Corporate & Institutional Banking

Bunsrajsing (Ashish) Gowreesunker
Head of Compliance

Valerie Duval
Head of Legal

Priscilla Mutty
Head of Human Resources



William Mulusa
Head of Strategy & Partnerships

Kareen Ng Chit Wing
Company Secretary

SENIOR MANAGEMENT TEAM'S PROFILE

Eric Hautefeuille

Chief Operations Officer

Eric Hautefeuille has a career spanning almost three decades at senior level in the banking sector. He spent 24 years at Société Générale, where he worked in various countries, namely Europe, Asia and Africa. During his tenure, he successively held the positions of Chief Information Officer and Project Director in Cameroon (1997-2000) and in Tahiti (2000-2005), Project Director in Russia (2005-2007), Head of Operations and Deputy Chief Operating Officer in China (2007-2011), Chief Operating Officer (COO) in India (2011-2014) and Head of Transversal Operations in France (2014-2015). Prior to joining Bank One as COO in October 2020, Eric held the positions of COO and Head of Transformation at BNI Madagascar (2015-2020). He was instrumental in developing the BNI footprint, particularly on mobile, cards and payments businesses and branchless digital microfinance.

Ranjeevesingh (Ranjeeve) Gowreesunkur

Chief Financial Officer

Ranjeeve Gowreesunkur joined Bank One as Financial Accountant in 2008, bringing with him over 20 years of extensive banking experience, having worked in various senior positions at Union Bank, Delphis Bank, First City Bank, SBI (Mauritius) Limited and Deutsche Bank (Mauritius) Limited. After acting as Head of Finance for six years, he was subsequently promoted Chief Financial Officer in 2014.

Fellow of the Association of Chartered Certified Accountants and a registered Professional Accountant with the Mauritius Institute of Professional Accountants, Ranjeeve also holds an MBA in Finance from Herriot Watt University.

Normela Maunick

Interim Chief Risk Officer

Normela Maunick has over 15 years of audit, advisory and risk management experience and has worked for The Mauritius Commercial Bank Limited, ABC Banking Corporation Limited and Standard Bank (Mauritius) Limited. She joined CIEL Finance Limited on 01 October 2021 as Head: Risk Management, Compliance and Controls and has executive ownership for risk management and compliance for CIEL Finance Limited and its affiliates. She was appointed as Interim CRO of the Bank in December 2023.

Normela holds an MBA (Specialisation in Financial Services) from the University of Mauritius and a BSc (Hons) Banking and International Finance from the University of Technology, Mauritius.

Guillaume Passebecq

Head of Private Banking & Wealth Management

Guillaume Passebecq is an International School of Management (IDRAC) graduate who spent his entire career in the banking sector. He started off as a Portfolio Manager at B* capital Paris, the BNP Paribas brokerage house, in 1999. In 2007, he was appointed Head of Sales at BNP Paribas Personal Investors Luxembourg. He joined AfrAsia Bank in 2014 and was subsequently appointed Head of Private Banking.

Guillaume joined Bank One as Head of Private Banking in March 2017. He brought along the expertise needed to uplift the Private Banking offer. The Bank's array of clients has also been widened to accommodate Asset Managers, Investment Funds, Pension Funds, Family Offices and Financial Intermediaries through a one stop shop and open architecture model.

Rishyraj (Rishy) Lutchman

Head of Treasury & Acting Head of Corporate & Institutional Banking

Rishy Lutchman is a seasoned banker with over 30 years in the Treasury field. He holds an ACI Diploma, a PGCE in derivatives & financial products and a BBA from the Management College of Southern Africa. Before joining Bank One in February 2014, he worked for 26 years within the Treasury division of the State Bank of Mauritius Ltd (SBM), where he covered different desks, including sales, interbank and fixed income. There, Rishy acquired a comprehensive knowledge of the Mauritian and Malagasy markets.

Bunsrajsing (Ashish) Gowreesunker

Head of Compliance

Ashish Gowreesunker is a seasoned banking professional with over 25 years of experience at senior level, covering both first and second lines of defence roles, spanning across Retail Banking, Custody, Global Business, Corporate Banking, Remediation and Compliance with a global financial institution. Ashish has also served as the Head of Risk and Compliance of a Corporate, Private Client and Fund Services Group operating in the Global Business Sector in Mauritius. He has been very active in the industry, serving as the vice Chairman of the Compliance Committee of the Mauritius Bankers Association.

Ashish is passionate about ensuring the safe growth of institutions while optimising resources to capture all opportunities for growth. Throughout his career, he has demonstrated a strong commitment to maintaining the highest standards of regulatory compliance and risk management. Ashish is a member of the International Compliance Association and the Association of Certified Anti-Money Laundering Specialists. Ashish was appointed Head of Compliance of Bank One Limited in December 2024.

Valerie Duval

Head of Legal

Valerie Duval has over three decades of significant experience in the finance sector. After having held senior leadership positions in the insurance industry over 13 years with Swan Insurance Co Limited and La Prudence Mauricienne Ltd (now known as Mauritius Union), Valerie has been the Head of Legal at Bank One for the last 14 years. She has been instrumental in setting up a strong and skilled legal division for the Bank. Her expertise ranges from advising Bank One on all legal aspects relating to the affairs and operations of the Bank to providing strategic legal support to all lines of business and functions. She has acquired extensive and sound skills in analysing, structuring and negotiating sophisticated transactions and also assisted in successful recovery of assets both locally and internationally.

Valerie holds a Law degree from the University of Mauritius and is a Barrister at Law in Mauritius (sworn in 1995). She completed several leadership and management programmes over the years, with various training institutions locally and abroad. She recently graduated from the CIEL-HEC Paris Executive Programme in 2023. She is a member of the Mauritius Bar Association and a Fellow member of the Mauritius Institute of Directors and the Vice-President of the Mauritian NGO Terrain for Interactive Pedagogy through Arts (TIPA). She was recognised as Africa Women Leaders by CMO Asia 2018 Edition and Pioneering Woman Leader at the 6th World Women Leadership Congress and Awards in February 2019.

SENIOR MANAGEMENT TEAM'S PROFILE

Priscilla Mutty

Head of Human Resources

With over 25 years of experience in the human resource field, Priscilla Mutty is a seasoned Human Resources professional. She holds a Master in Administration d'Entreprises from the University of Poitiers, France. Priscilla received The Women of Wonder Award Mauritius 2018 and was conferred the 101 Most Influential Global HR Leaders by the World HR Congress.

Prior to joining Bank One, Priscilla has worked across regional and global corporations such as DCDM Consulting (Managed by Accenture), where she was responsible for HR-related consultancy assignments for a portfolio of clients in various industries, including banking. Her assignments were conducted both in Mauritius and regionally (i.e. Madagascar, Kenya, Tanzania, Zambia, Botswana and Djibouti, amongst others). From 2011 to 2014, she headed the HR department at Bramer Banking Corporation Limited, before moving to GroFin in January 2015, a development financier specialised in financing and supporting small and growing businesses (SGBs), with 16 offices across Africa and the Middle East. Priscilla joined the Bank in December 2017 as Head of HR.

William Mulusa

Head of Strategy & Partnerships

William is a seasoned, strategy, planning and business performance management practitioner with over 12 years of experience, gleaned from a multi-sectoral background with over five years at PricewaterhouseCoopers Limited Kenya. He has deep expertise in strategic management, financial management, organisation development and capacity building, monitoring and evaluation, strategic risk management and portfolio, programme and project management.

Besides being a lead strategist for various financial services institutions, William has also worked as a Strategy Analyst at a financial service institution serving the East African market. He holds a Bachelor of Commerce degree from the University of Nairobi and is a Certified Public Accountant and Member of the Institute of Public Accountants Kenya (ICPAK).

Kareen Ng Chit Wing

Company Secretary

Kareen Ng is an associate member of the Chartered Governance Institute UK & Ireland. She also holds a BSc in Computer Science and Information Systems from the University of South Africa and is a Certified Meta Coach from the International Society of Neuro-Semantics.

With over 15 years of experience as a chartered governance professional, Kareen has served within a diverse range of companies, including those listed on both the Official and DEM markets of the Stock Exchange of Mauritius. Her extensive experience spans multiple industries, including banking and financial services, automotive, shipping and logistics, as well as food and hospitality. Kareen has a proven track record of collaborating closely with Boards to ensure robust governance practices and corporate compliance. She joined Bank One in May 2017, continuing her career in governance and corporate services.

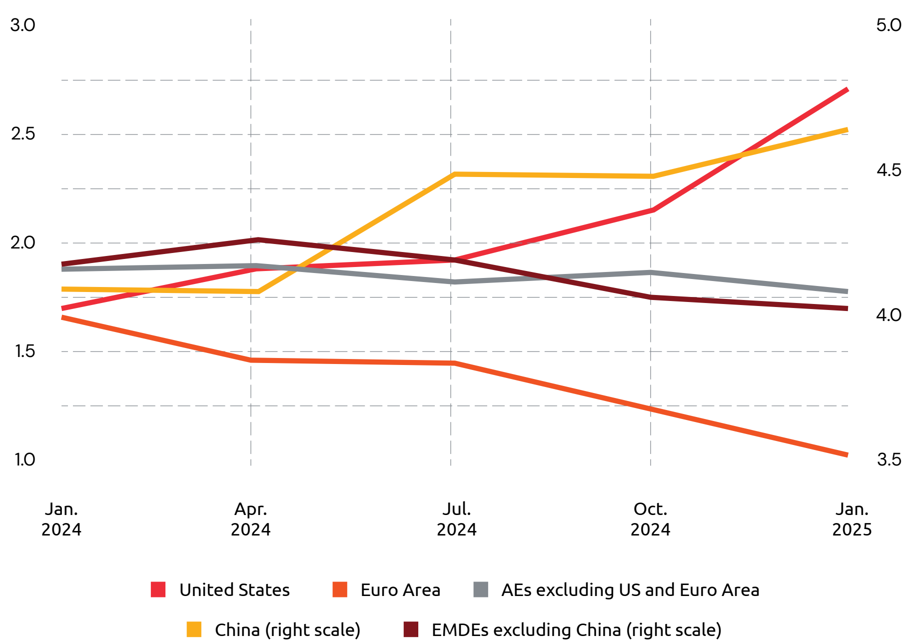
WE BRING PRECISION IN EVERY DECISION

ECONOMIC OUTLOOK

Global economy

Though flat, global growth is expected to remain stable. At 3.3% in both 2025 and 2026, growth forecasts are below the historical (2000–19) average of 3.7% and broadly unchanged from October 2023. The global growth profile (Figure 2) appears to be precarious across various economies with divergent paths.

Figure 2. Evolution of 2025 growth forecasts (percent)



Scource: IMF staff calculations.
Note: The x-axis shows the months the *World Economic Outlook* is published.
AEs = advanced economies; EMDEs = emerging market and developing economies.

Energy commodity prices are expected to decline by 2.6% in 2025, more than expected in October. This reflects a decline in oil prices, driven by weak Chinese demand and strong supply from countries outside of OPEC+ (Organisation of the Petroleum Exporting Countries plus selected non-member countries, including Russia), partly offset by increases in gas prices, resulting from colder-than-expected weather and supply disruptions, including the ongoing conflict in the Middle East and outages in gas fields. Non-fuel commodity prices are expected to increase by 2.5% in 2025, on account of upward revisions to food & beverage prices relative to the October 2024 WEO, driven by bad weather affecting large producers.

Monetary policy rates of major central banks are expected to continue to decline, though at different paces, reflecting variations in growth and inflation outlooks. The fiscal policy perspective is expected to tighten during 2025–26 in advanced economies, including the United States and, potentially, in emerging markets and across developing economies.

In the United States, underlying demand remains robust, reflecting strong wealth effects, a less restrictive monetary policy perspective and strong financial conditions. Growth is projected to be at 2.7% in 2025, 0.5% higher than the October forecast, in part reflecting carryover from 2024 as well as robust labour markets and accelerating investment, amongst other signs of strength.

In the euro area, growth is expected to pick up but at a more gradual pace than anticipated in October, with geopolitical tensions continuing to weigh on sentiment. Weaker-than-expected momentum at the end of 2024, especially in manufacturing, and heightened political and policy uncertainty, explain a downward revision of 0.2% to 1.0% in 2025. In 2026, growth is set to rise to 1.4%, helped by stronger domestic demand, as financial conditions loosen, confidence improves and uncertainty recedes somewhat.

In other advanced economies, two offsetting forces keep growth forecasts relatively stable. On the one hand, recovering real incomes are expected to support the cyclical recovery in consumption. On the other hand, trade headwinds - including the sharp uptick in trade policy uncertainty - are expected to keep investment subdued.

In emerging markets and across developing economies, growth performance in 2025 and 2026 is expected to broadly match that of 2024. With respect to October projections, growth in 2025 for China is marginally revised upward by 0.1% to 4.6%. This revision reflects a carryover from 2024 as well as the fiscal package announced in November largely offsetting the negative effect on investment from heightened trade policy uncertainty and property market drag. In 2026, growth is projected to remain stable at 4.5%, as the effects of trade policy uncertainty dissipate and the retirement age increase slows down the decline in labour supply. In India, growth is projected to be solid at 6.5% in 2025 and 2026, as projected in October and in line with growth potential.

The gradual cooling of labour markets is expected to keep demand pressures at bay. Combined with the expected decline in energy prices, headline inflation is projected to continue its descent toward central bank targets. That said, inflation is projected to be close to, but above, the 2% target in 2025 in the United States, whereas inflationary dynamics are expected to be more subdued in the euro area. Low inflation is projected to persist in China.

Consequently, the gap between anticipated policy rates in the United States and other countries becomes wider.

Sub-Saharan Africa

The International Monetary Fund (IMF) has raised its economic growth forecast for sub-Saharan Africa to the highest level since 2021. However, as reported by Bloomberg, the global lender cautioned that elevated uncertainties, including social unrest, could impact stability. The IMF now projects the region's growth to reach 4.2% in 2025, up from its April forecast of 4%. However, in its January 2025 Regional Economic Outlook, the IMF lowered its 2024 projection to 3.6%, noting that resource-dependent nations are expected to grow at half the pace of those with diversified economies.

The World Bank in its January 2025 outlook anticipates growth in South Africa is projected to rise to an average of 1.9% a year in 2025-26, about a 0.5% upgrade from the June forecast. Improving energy availability and further reforms in the transport sector are expected to support stronger growth. Growth in Nigeria is forecast to strengthen to an average of 3.6% a year in 2025-26. Following monetary policy tightening in 2024, inflation is projected to gradually decline, boosting consumption and supporting growth in the services sector, which continues to be the main driver of growth. After a brief uptick in 2023, growth in Kenya eased last year amidst ongoing fiscal consolidation. In contrast, growth in Tanzania and Uganda accelerated in 2024, supported by higher private spending and, in the case of Uganda, stronger investment as well. In Kenya, growth is expected to be boosted by private investment and supported by more accommodative monetary policy. In Tanzania, robust public investment, an improved business environment and enhanced export competitiveness, are anticipated to boost growth. Excluding the two largest economies, growth in the SSA region is forecast to strengthen from 4% in 2024 to about 5.3% in 2025-26.

ECONOMIC OUTLOOK

Downside risks

Risks, however, remain tilted to the downside. Global growth could be weaker than projected on account of heightened uncertainty and the potential for adverse changes in trade policies. Further downside risks include a sharper-than-expected economic slowdown in China escalating global geopolitical tensions, especially an intensification of the conflict in the Middle East, and worsening political instability and an escalation of violent conflicts in the region, especially in East Africa. Furthermore, more persistent inflation than expected could keep global interest rates elevated, compounding the challenges confronting highly indebted countries, while greater frequency and intensity of adverse weather events could exacerbate poverty in many countries across SSA.

There has been a wave of protests across sub-Saharan Africa, especially in countries like Kenya, Nigeria and Ghana, where governments are grappling with financial pressures. In response, many governments have implemented tax hikes and spending cuts, fuelling discontent as citizens face steep increases in the cost of living.

Mauritian economy

On the domestic front, GDP growth was broad-based and driven by the construction sector, financial services, tourism and trade sectors. On the demand side, growth was mostly driven by consumption and investment. Major economic sectors are expected to post positive performances in 2025. The Bank of Mauritius projects growth to be between 3.5% and 4.0% for 2025. The output gap is expected to remain in positive territory and contribute to underlying inflationary pressures.

Although inflation in Mauritius reached 3.6% in December 2024, risks to the inflation outlook are tilted on the upside, both domestically and externally. As a small open economy which imports the bulk of what it consumes, Mauritius is not immune to risks of global inflationary pressures, including supply chain shocks as well as climate-related events. In light of the uncertainties on the global scene, the risks of imported inflation are assessed to be high. Furthermore, domestically generated inflation, including services inflation, remains sticky. The Bank of Mauritius projects inflation to close the year 2025 at 3.7%, which is above the mid-point target of 3.5% over the medium-term. However, with a potential global trade war looming in 2025, domestic inflation could turn out to be higher than currently anticipated.

Excess liquidity remains an important issue and, if unaddressed through the open market operations, can hamper the smooth transmission mechanism of monetary policy and contribute to underlying inflationary pressures in the economy. This arises essentially as low yields resulting from excess liquidity contribute to negative interest rate differentials with major currencies, which in turn hinders the proper functioning of the domestic foreign exchange market.

The BoM deliberated that several underlying factors could join to weaken the rupee against the US dollar and add to inflationary pressures. Furthermore, the ongoing growth momentum is positive. This offers space to reverse the negative interest rate differential which had contributed to a sustained depreciation of the rupee over the past few years. Against a backdrop of potential external headwinds that could lead to higher global inflation and contribute to further exchange rate pressures, a pro-active decision was warranted.

As a result, the Bank of Mauritius decided to raise the Key Rate by 50 basis points, from 4.00% to 4.50% per annum in February 2025. It is expected that, going forward, banks shall pass on this higher rate to their customers with more attractive Savings Deposit Rate, thereby enhancing the efficacy of the monetary transmission mechanism.

Mauritius economy continues to grow strongly, supported by strong momentum in tourism and investment. Tourist arrivals in 2024 are on track to surpass the record set in 2018, with spending per tourist also rising. Tourism revenues are expected to reach 13.5% of GDP by the end of the year. Private investment reached 21% of GDP in the second quarter of 2024. Most of this investment is concentrated in construction, with strong activity in both residential and non-residential buildings. However, labour shortages are increasingly limiting the growth of key sectors, particularly tourism, construction and ICT. Manufacturing growth remains weak, reflecting the ongoing decline of production in the textiles sector.

Gross Official International Reserves (GOIR) stood at Rs 402.5 billion (USD8.5 billion) as at end-December 2024, compared to Rs321.3 billion (USD7.2 billion) as at end-December 2023. Based on the imports of goods (f.o.b.) and services for calendar year 2024, GOIR represented 13.3 months of imports as at end-December 2024.

FINANCIAL ANALYSIS

Statement of financial position

The year 2024 was marked by significant volatility and heightened uncertainty. The total assets of the Bank increased by 6%, reaching MUR 55.4 billion as at 31 December 2024, compared to MUR 52.2 billion on 31 December 2023.

As of 31 December 2024, the Bank's gross advances declined by 16%, from MUR 28.0 billion in 2023 to MUR 23.6 billion. This decrease was largely attributable to negative growth in the offshore segment. Total deposits grew by 7% to MUR 47.9 billion, compared to MUR 44.8 billion in the previous year, contributed by both local and foreign currencies.

The Bank operated in a high-interest rate environment during the financial year, with rising deposit costs impacting margins. However, in the fourth quarter, the Bank of Mauritius reduced the key rate by 50 basis points, following a 25-basis points reduction by the U.S. Federal Reserve, which was positively reflected in the Bank's cost of funds.

The Bank's capital position remained solid, with a Capital Adequacy Ratio of 17.33% and a Tier 1 Ratio of 13.17%, well above the regulatory benchmark requirements of 12.50% and 8%, respectively.

The reclassification of an offshore exposure in early 2024 led to an increase in non-performing loans (NPL), rising from MUR 1,205 million in December 2023 to MUR 1,478 million in December 2024, thereby increasing the NPL ratio from 4.20% to 6.04%.

Statement of comprehensive income

Net Interest Income (NII) increased by 6%, reaching MUR 1,340 million in 2024, compared to MUR 1,269 million in 2023. The high-interest rate environment had a positive impact on the Bank's net interest margins, partially compensating for income gap created by the limited asset growth.

Non-interest income, comprising fees, trading and other income grew by 8%, from MUR 518 million in 2023 to MUR 559 million in 2024, representing 29% of the Bank's operating income.

The limited asset growth during the year also affected the related fee income generation. However, Treasury performed exceptionally well in the first three quarters, generating a record MUR 349 million from net gains on foreign exchange and derivative transactions.

Overall, operating income increased by 6% year-on-year, closing at MUR 1,899 million in 2024, compared to MUR 1,787 million in 2023.

The year-on-year growth rate in operating expenses moderated to 3% in 2024, closing at MUR 1,144 million compared to MUR 1,108 million in the previous year. The Bank continued investing in technology and human capital to support its operations.

The cost-to-income ratio improved from 62.03% in 2023 to 60.24% in 2024.

After accounting for net impairment provisions of MUR 156 million, the Bank recorded a profit after tax of MUR 567, compared to MUR 756 million in the prior year, which included net impairment reversals of MUR 132 million.

FINANCIAL ANALYSIS

Achievements vs. Objectives 2024 and Plan for 2025

Objectives for 2024	Performance in 2024	Objectives for 2025
Return on Average Equity (ROAE) To achieve a ROAE of above 19%.	Achieved a ROAE of 13.34%.	To achieve a ROAE of above 18.9%.
Return on Average Assets (ROAA) To achieve a ROAA of above 1.4%.	Achieved a ROAA 1.04%.	To achieve a ROAA of above 1.4%.
Operating income Growth of above 28% in operating income.	6% increase in operating income.	Growth of above 25% in operating income.
Cost to income ratio Cost to income ratio of below 58%.	Cost to income ratio of 60.24%, on account of lower revenue.	Cost to income ratio of below 56.4%.
Deposits growth Deposit growth of 27%, contributed by both local and offshore segments.	6% growth in deposits base, contributed by both local and offshore segments.	Deposit growth of 19%.
Gross loans and advances growth 35% growth in gross loans and advances book.	Gross loan book declined by 15%, largely on account of the offshore segment.	34% growth in gross loans and advances book.
Impaired ratio Gross impaired ratio to be brought down to below 1.9%.	Gross impaired ratio of 6.04%.	Gross impaired ratio to be brought down to below 4%.
Capital Adequacy Ratio (CAR) Maintain CAR above 14.5%.	CAR at 17.33% as at December 2024.	Maintain CAR above 14.5%.

The decline in loans and advances book and elevated cost of funding, negatively impacted the operating income. Furthermore, the classification of one offshore client as non-performing resulted in higher NPL ratio. The related impairment provisions negatively impacted the profitability of the Bank and the related ratios.

Statement of profit or loss

	Year ended Dec-22 MUR 000	Year ended Dec-23 MUR 000	**Year ended Dec-24 MUR 000**
Net interest income	993,814	1,268,906	**1,340,023**
Net fee and commission income	329,401	261,995	**208,986**
Net trading income	178,747	255,594	**349,292**
Other operating income	4,857	678	**930**
Operating income	1,506,819	1,787,173	**1,899,231**
Non-interest expense	(1,004,725)	(1,108,593)	**(1,144,122)**
Operating profit	502,094	678,580	**755,109**
Allowance for recoveries	33,476	132,150	**(156,244)**
Profit before tax	535,570	810,730	**598,865**
Income tax expense	(41,745)	(54,920)	**(31,451)**
Profit for the year	493,825	755,810	**567,414**

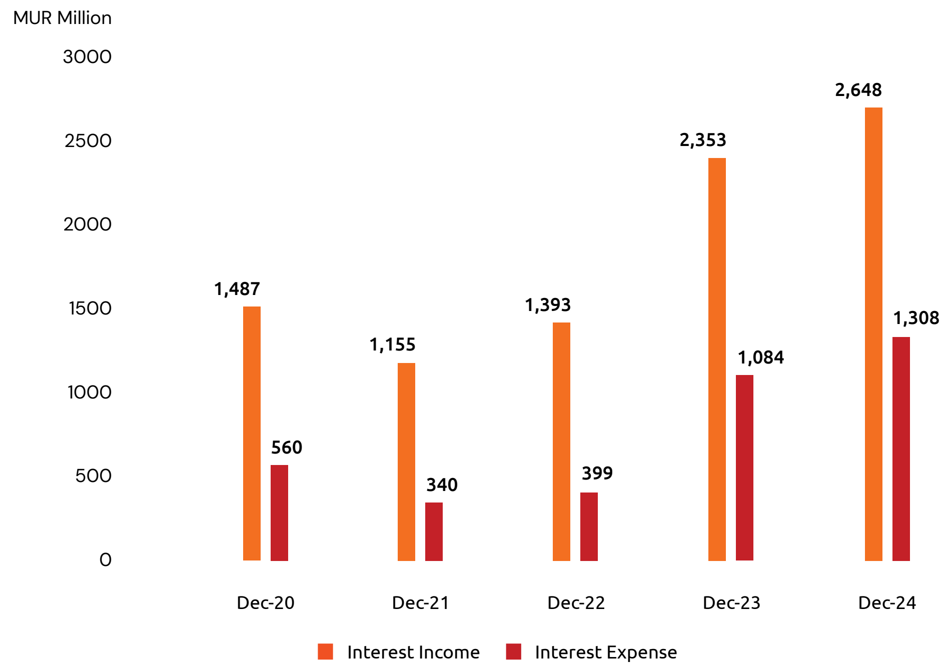
Interest income and expense

	Year ended Dec-22 MUR 000	Year ended Dec-23 MUR 000	**Year ended Dec-24 MUR 000**
Interest income			
Loans and advances to customers and banks	989,285	1,714,574	**1,759,692**
Investment securities and bonds	233,277	270,635	**289,779**
Placements	170,659	367,557	**598,170**
	1,393,221	2,352,766	**2,647,641**
Interest expense			
Deposits from customers	235,303	845,756	**1,125,523**
Borrowings from Banks	75,274	157,598	**107,590**
Subordinated liabilities	81,930	74,049	**66,940**
Lease liabilities	6,900	6,457	**7,565**
	399,407	1,083,860	**1,307,618**
Net interest income	993,814	1,268,906	**1,340,023**
Average interest earning assets	38,974,108	42,433,969	**48,990,481**
Average interest-bearing liabilities	23,863,643	27,439,200	**32,254,001**
Interest income/average interest earning assets	3.57%	5.54%	**5.40%**
Interest expense/average interest-bearing liabilities	1.67%	3.95%	**4.05%**
Net margin	1.90%	1.59%	**1.35%**
Core revenue*	1,505,072	1,787,173	**1,898,301**

*Core revenue is defined as net interest income plus core non-interest revenue, after elimination of the effects of any unusual, non-operational items.

FINANCIAL ANALYSIS

Interest income and expense



Interest income increased by 13% compared to the financial year 2023, largely driven by the interest earned in the placement of excess liquidity with other offshore banks, supported by an elevated interest rate environment.

Return on average interest-earning assets was 5.40% in 2024 (5.54% in 2023). This was mainly on account of the lower loan book, which usually generates higher returns. The Bank was very selective in lending in 2024 and some maturing exposures with heightened risks were not renewed as they no longer meet the risk appetite of the Bank.

Along the same lines, interest also was impacted by the high-interest rate environment. Total interest expense for the year was up by 21%. There was also a shift in the deposit mix, where the CASA ratio was on a downward trend compared to previous years, as reflected in the portfolio of interest-bearing liabilities, comprising largely of deposits, which increased by 18% compared to last year.

Overall, net interest income rose by 6% during the year.

Non-interest income

	Dec-22 MUR 000	Dec-23 MUR 000	Dec-24 MUR 000
Net fees and commission	329,401	261,995	**208,986**
Net trading income	178,747	255,594	**349,292**
Other operating income	4,857	678	**930**
	513,005	518,267	**559,208**

The impact of lower loan growth is reflected in the fees and commission line above, with lower processing and arrangement fees. The Bank also had to incur some one-off costs related to cards operations during the year, which negatively impacted the net fee and commission income, and which is not expected to recur.

The Bank reported a commendable increase in net trading income of 37% in 2024 compared to the previous year which was the result of the efficient excess cash management by the Treasury team.

The Bank is still pursuing its initiatives to improve the share of non-interest income through diversification and new income sources.

Non-interest expense and cost management

	Dec-22 MUR 000	Dec-23 MUR 000	Dec-24 MUR 000
Personnel expenses	617,351	674,637	**633,411**
Depreciation and amortisation	96,901	110,637	**94,878**
Other expenses	290,473	323,319	**415,833**
	1,004,725	1,108,593	**1,144,122**

Total expenses increased by a moderate 3% in 2024.

Personnel expenses were 6% lower than in 2023, on account of controlled HR related costs.

Depreciation and amortisation charges were lower compared to the previous year, with the full depreciation and amortisation of some investments made some years back.

The main drivers of the increase in other expenses were costs incurred on consultancy and professional services, the rising cost of insurance and the introduction of the Mauritius Deposit Insurance Scheme by the Bank of Mauritius.

Credit exposure

As shown in the table below, the Bank has a diversified credit portfolio as at December 2024.

Sectors	2022	2023	**2024**		
	Total	Total	**Resident**	**Non-Resident**	**Total**
Lending	MUR 000	MUR 000	**MUR 000**	**MUR 000**	**MUR 000**
Agriculture & fishing	256,326	29,942	**388,126**	**-**	**388,126**
Manufacturing	314,594	47,856	**39,892**	**-**	**39,892**
Tourism	1,384,047	1,092,597	**704,031**	**-**	**704,031**
Transport	672,359	694,789	**427,294**	**230,707**	**658,001**
Construction	1,867,197	1,798,178	**1,259,856**	**13,719**	**1,273,575**
Financial and business services	1,989,706	1,714,392	**830,116**	**692,664**	**1,522,780**
Traders	2,816,970	2,405,685	**2,451,194**	**24**	**2,451,218**
Personal	8,606,326	9,599,800	**9,243,386**	**148,694**	**9,392,080**
Professional	11,163	12,478	**11,287**	**-**	**11,287**
Global business license holders	1,054,997	456,855	**233,941**	**-**	**233,941**
Central government	1,355,644	1,326,516	**-**	**1,352,179**	**1,352,179**
Others	592,056	571,407	**537,586**	**84,511**	**622,097**
	20,921,385	19,750,495	**16,126,709**	**2,522,498**	**18,649,207**
Lending to banks	5,150,285	8,917,253	**-**	**5,839,020**	**5,839,020**
Total credit exposure	26,071,670	28,667,748	**16,126,709**	**8,361,518**	**24,488,227**
Trading	1,402,874	2,427,459	**4,142,620**	**37,779**	**4,180,399**
Investment	10,937,676	10,625,229	**1,325,789**	**8,197,342**	**9,523,131**
Off balance sheet	4,364,245	5,762,928	**3,477,719**	**1,325,625**	**4,803,344**

FINANCIAL ANALYSIS

As highlighted earlier, the table shows the total credit exposures to individuals and corporates went down from MUR 28,667 million as at December 2023 to MUR 24,488 million as at December 2024. The main sectors reflecting this contraction are tourism, construction, financial and business services as well as personal.

Exposure to the personal segment is largely mortgage driven.

Credit exposure to banks was deliberately brought down from MUR 8.9 billion in 2023 to MUR 5.8 billion in 2024, as the Bank revisits its lending strategy.

Credit quality

The table below shows the data on impairment and related ratios for the past 3 years.

	Dec-22 MUR 000	Dec-23 MUR 000	**Dec-24 MUR 000**
Impaired advances	580,214	1,205,299	**1,477,530**
Allowance for impairment – stage 3	518,943	565,343	**756,086**
Impaired advances/Gross advances	2.23%	4.20%	**6.04%**
Net impaired/Net advances	0.25%	2.29%	**3.05%**
Provision coverage ratio	89.44%	46.90%	**51.17%**

The classification of one offshore credit exposure in early 2024 resulted in a deterioration of the impaired portfolio and resulted in a gross impaired ratio of 6.04%. This exposure has been restructured in late 2024 and is being closely monitored.

The provision coverage ratio increased to 51.17% compared to 46.90% as at December 2023. The Bank holds adequate collaterals to cover the remaining 48.83%.

A breakdown of gross advances, impaired advances and related specific provisions percentage by industry sector, split between Resident and Non-Resident, as of 31 December 2024 is shown in the following table.

Loans to customers

Sectors	Gross amount of loans		Impaired loans		Impairment cover on impaired loans	
	Resident MUR 000	Non-Resident MUR 000	Resident MUR 000	Non-Resident MUR 000	Resident	Non-Resident
Agriculture and fishing	388,126	-	-	-	-	-
Manufacturing	39,892	-	-	-	-	-
Tourism	704,031	-	9,350	-	9%	-
Transport	427,294	230,707	9,256	228,720	74%	100%
Construction	1,259,856	13,719	128,710	-	30%	-
Financial and business services	830,116	692,664	1,019	362,200	84%	50%
Traders	2,451,194	24	112,702	-	99%	-
Personal	9,243,386	148,694	162,925	-	48%	-
Professional	11,287	-	-	-	-	-
Global business licenseholders	233,941	-	-	-	-	-
Central government	-	1,352,179	-	462,577	-	19%
Others	537,586	84,511	71	-	0%	-
Total	**16,126,709**	**2,522,498**	**424,033**	**1,053,497**		
Sectors						
Loans to banks	-	5,839,020	-	-	-	-

Out of the impairment portfolio, 28.7% relate to resident exposures while 71.3% are for non-resident clients.

General provisions

In compliance with the guideline on "Classification, Provisioning and Write-off of Credit Exposures", issued and revised by the Bank of Mauritius in August 2024, the Bank maintained:

a. additional portfolio provisions on the overall exposures booked as general reserve as an appropriation of retained earnings;
b. additional portfolio provisions on certain specific sectors booked as general reserve as an appropriation of retained earnings.

Other details regarding credit quality are given in note 15 (h) of the Financial Statements.

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	

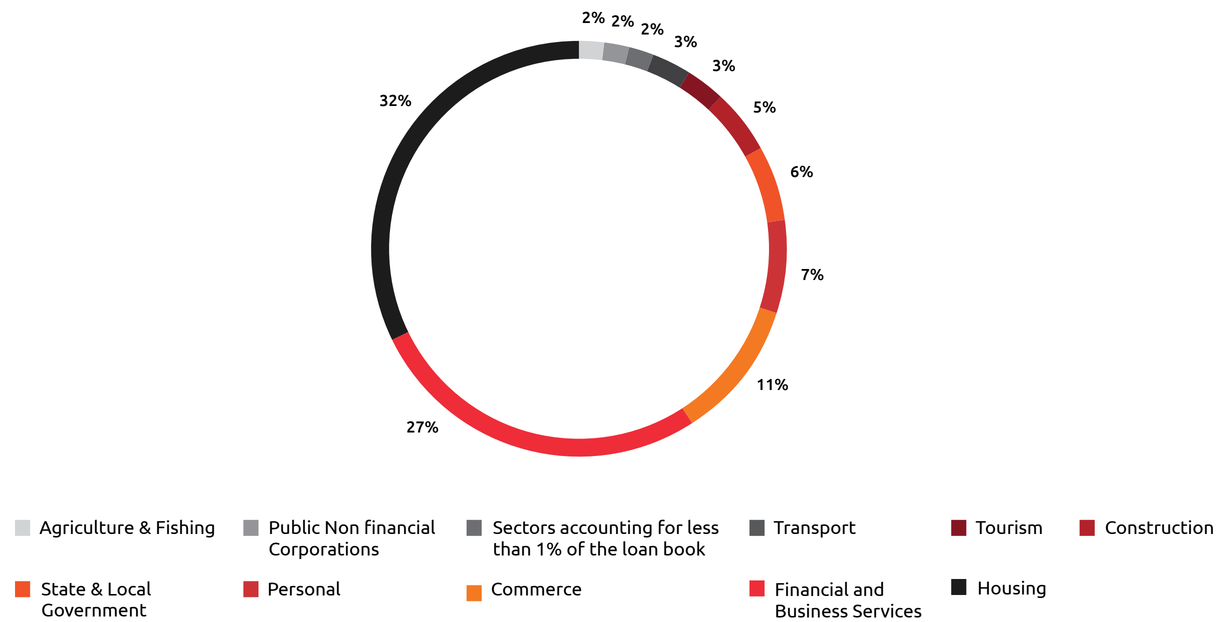
The credit risk strategy and credit risk policy are approved by the Board and the credit risk portfolio is monitored on a monthly basis at the Management Integrated Risk Committee. The Board Credit Committee is the ultimate credit approving authority of the Bank and approves all exposures above the Management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

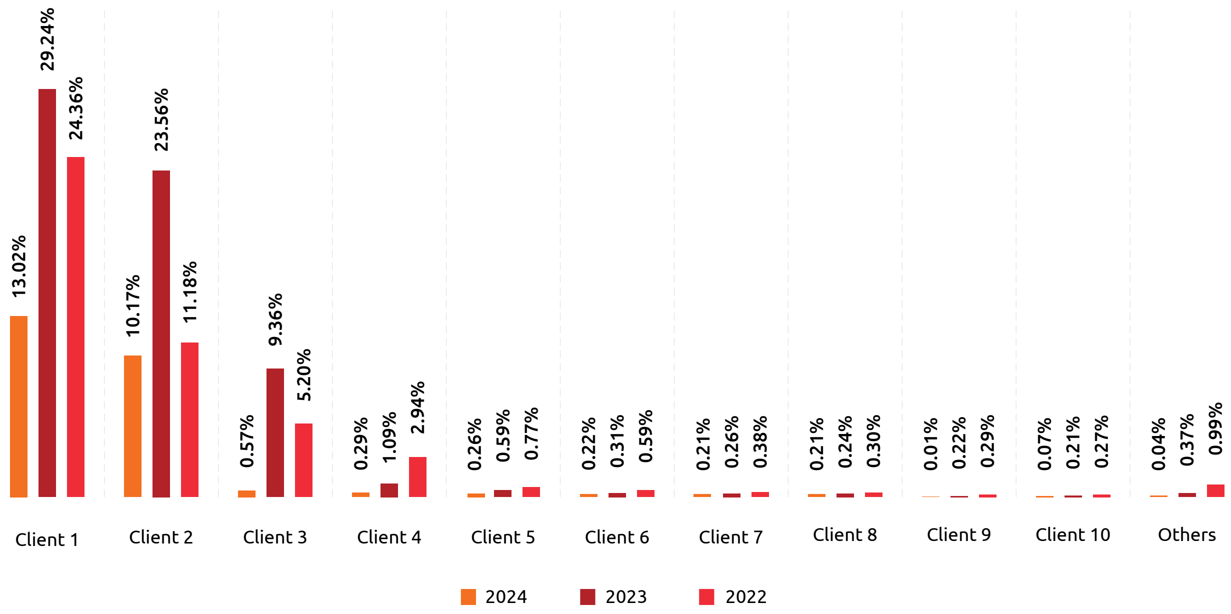
Related party credit transactions (cont)

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.

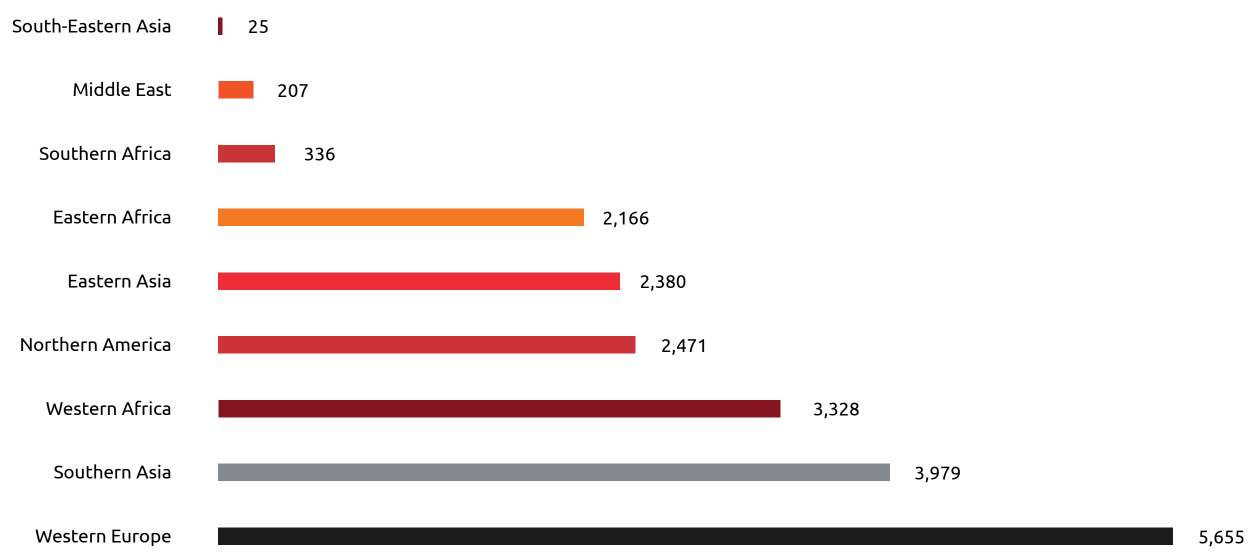
Approach to managing country risk

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.

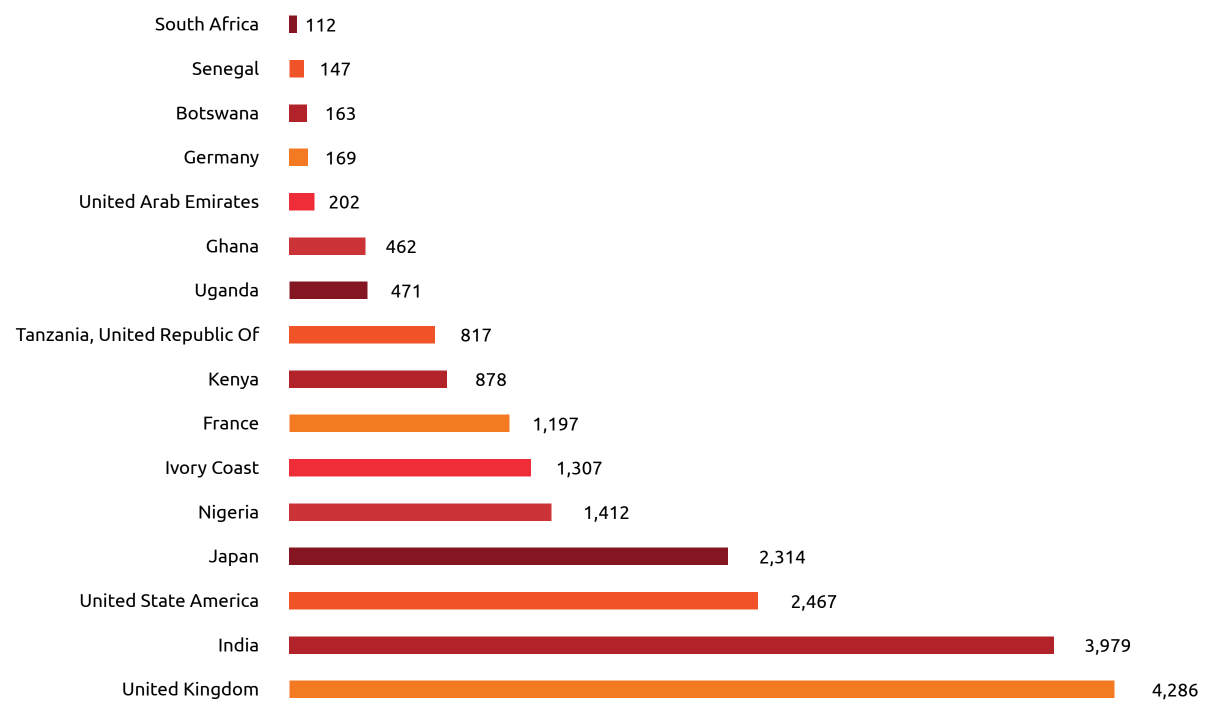
Exposure by Region



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

		Risk Weight	Dec-22	Dec-23	Dec-24
			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**

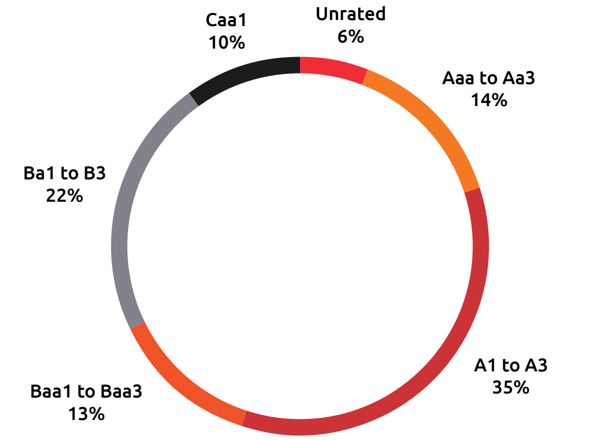
Risk-weighted assets for operational risk

	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.

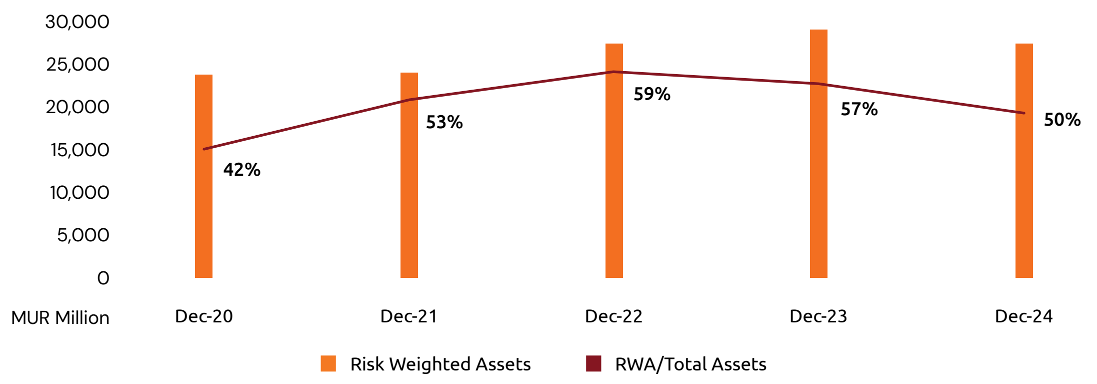
Exposures by risk grade



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 m³ 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.

WE DRIVE MEANINGFUL CHANGE WHERE IT MATTERS MOST

CORPORATE PROFILE

Bank One Limited was established in 2008 as a joint venture between I&M Group, a key player in East Africa's financial sector, and CIEL Finance, the finance arm of CIEL Group, one of Mauritius's foremost conglomerates. Based in Mauritius, Bank One serves businesses and individuals across Africa and beyond, providing tailored financial solutions designed to meet their diverse and developing needs.

The Bank benefits from the extensive regional presence of its shareholders in key markets such as Kenya, Tanzania, Rwanda, Uganda, Madagascar, and Mauritius. We provide a comprehensive range of products and services across Corporate and Institutional Banking, Treasury Services, Consumer Banking, Private Banking and Wealth Management. Our services are designed to help businesses grow, manage risk, and optimize their financial resources and help individuals achieve their personal goals through a comprehensive mix of savings, loans, payments and investment solutions.

Our approach is built on collaboration, innovation, and deep industry expertise. The Bank's dedicated teams, led by professionals with extensive experience, deliver customized strategies based on a solid understanding of market trends, regulatory environments, and client needs. Bank One's teams work seamlessly to provide efficient and effective services that generate long-term value.

Directors in office during the financial year ended 31 December 2024

Ms. Roselyne Renel	Independent Chairperson of the Board
Mr. Moonesar (Sunil) Ramgobin	Executive Director; Appointed on 11.10.2024
Mr. Guillaume M.G Passebecq	Executive Director; Appointed on 01.09.2024 until 10.10.2024
Mr. Lakshman Bheenick	Non-Executive Director
Mr. Jérôme de Chasteauneuf	Non-Executive Director
Ms. Gauri A. Gupta	Non-Executive Director
Mr. C. Kihara Maina	Non-Executive Director
Mr. Ignacio Serrahima Arbestain	Independent Director
Mr. Marc A. J. Israel	Independent Director
Mr. Tchang Fa (Cyril) Wong Sun Thiong	Independent Director
Mr. Mark R. P. Watkinson	Executive Director; Resigned on 31.08.2024
Mr. Leonard C. Mususa	Independent Director; Resigned on 22.04.2024

Executive management team

Chief Executive Officer	Mr. Moonesar (Sunil) Ramgobin
Chief Operations Officer	Mr. Eric Hautefeuille
Chief Financial Officer	Mr. Ranjeevesingh Gowreesunkur
Interim Chief Risk Officer	Ms. Normela Maunick
Head of Consumer, Private Banking and Wealth Management	Mr. Guillaume Passebecq
Head of Treasury & Interim Head of Corporate and Institutional Banking	Mr. Rishyraj (Rishy) Lutchman
Head of Compliance	Mr. Bunsrajsing (Ashish) Gowreesunker
Head of Legal	Ms. Valérie Duval
Head of Human Resources	Ms. Priscilla Mutty
Company Secretary	Ms. Kareen Ng*

* Appointed as EXCO member on 07.11.2024

CORPORATE GOVERNANCE

Introduction

Bank One Limited (the "Bank" or "Bank One") is a bank regulated by the Bank of Mauritius and the Financial Services Commission. It is also a public interest entity ("PIE") as defined by the Financial Reporting Act 2004. Throughout the year ended 31 December 2024, to the best of the Board's knowledge, the Bank has applied all of the principles set out in the National Code of Corporate Governance for Mauritius (2016) (the "Code") and explained how these principles have been applied.

Principle 1: Governance Structure

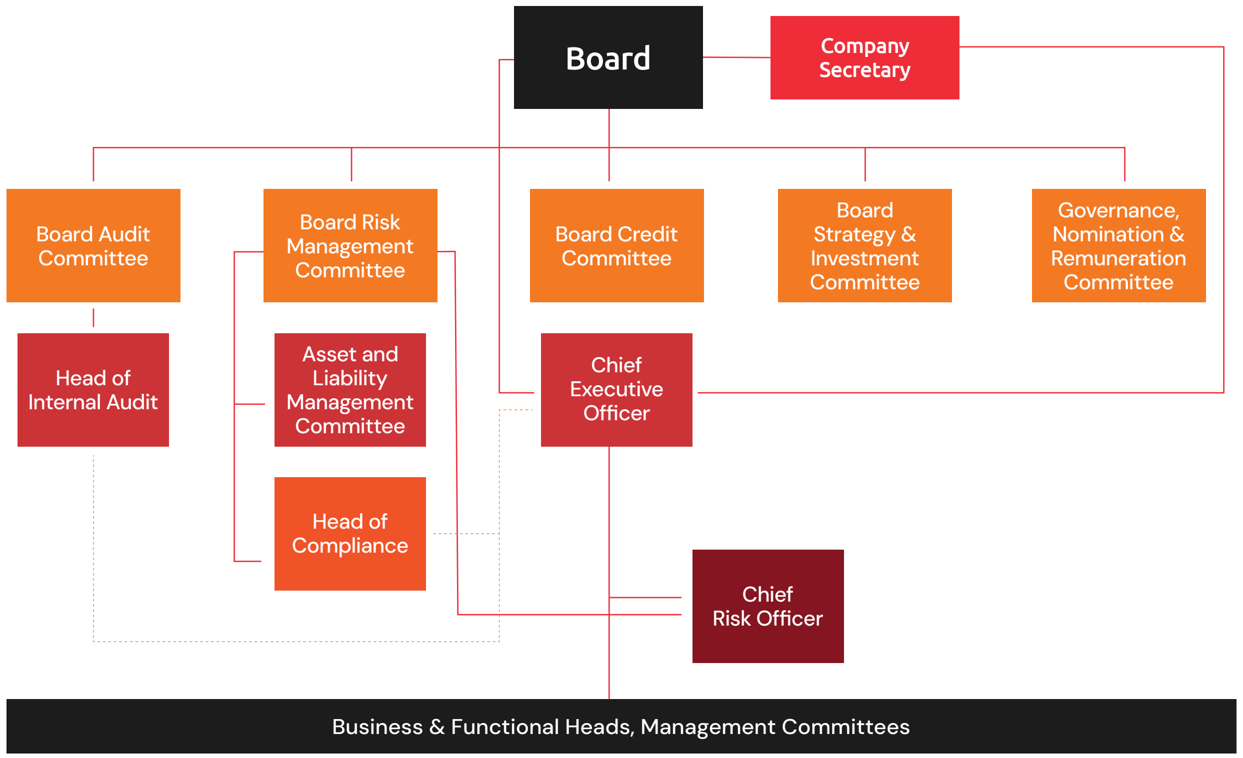
The Board of Directors is responsible for defining the Bank's strategic direction and for leading, overseeing, and supervising the management of the business in an ethical and responsible manner. It is also tasked with ensuring compliance with all legal and regulatory requirements.

The Board is committed to upholding the highest standards of corporate governance and ethical conduct across the Bank's operations, aiming to enhance shareholder value while considering the broader interests of all stakeholders. To achieve this, the Bank has implemented a robust governance framework.

The discharge of the Board's responsibilities involves a combination of direct involvement and delegation through board committees, for a more focused approach on specific areas. Such a structure ensures a comprehensive oversight of the Bank's activities.

In the pursuit of effective governance, the day-to-day management and operations of the Bank's business have been entrusted to the Chief Executive Officer. The CEO is responsible for establishing a management structure that fosters accountability and transparency, while ensuring the effective implementation of business strategies, risk management systems, and internal controls.

Governance Structure



Board Charter

The Board Charter sets out the role, responsibilities, structure and processes of the Board and is complementary to the requirements of the legislations and regulations, the Bank's constitution, and the shareholders agreement. The Charter also sets out the committees which have been set up by the Board to assist it in the discharge of its responsibilities. The key senior governance positions are also defined therein, including their respective position statements.

The Board Charter along with the position statements for the key senior governance positions, and the Constitution of the Bank, is published in on the Bank's website: https://bankone.mu/en/directors/.

Code of Ethics and Whistleblowing Policy

The Bank's Code of Ethics and Whistleblowing Policy (the "Code") lays out the values, standards of behavior and ethical practices expected in all the Bank's dealings. It also provides the framework and guidance around whistleblowing, including the availability of an independent whistleblowing hotline, for employees to safely report illegal, unethical and fraudulent behaviors and malpractices without fear of reprisal. The Code is reviewed by the Board every 3 years. An earlier review is made in the event of any circumstances warranting same. The Governance, Nomination & Remuneration Committee has been delegated oversight responsibility on all matters relating to ethical standards within the Bank and reports to the Board thereon. The abridged version of the Code can be accessed on the Governance Section of the Bank's website: https://bankone.mu/en/corporate-governance/.

Principle 2: Structure of the Board and its Committees

Bank One is headed by a unitary board. Its Constitution provides that the Board of Directors shall consist of a minimum of 7 directors and a maximum of 10 directors. The Chairperson of the Board is an Independent Director and the role and functions of the Chairperson are separate from that of the CEO. In line with the shareholders' agreement, the two shareholders are each entitled to appoint two representatives to represent them on the Board of Bank One. All directors submit themselves to re-election at the Annual Meeting of Shareholders (AMS).

The Governance Nomination & Remuneration Committee regularly reviews the size, composition and skills set on the Board and ensures adequate succession of the directors. It also ensures the continued independence of the Bank's independent directors as well as the continued fitness and probity of all the directors. The Board believes that, given the shareholding structure and size of the Bank, there is a right mix both in terms of the categories (Executive, Non-executive and Independent) and skills of its directors.

Mr. Leonard Mususa concluded his tenure on 22 April 2024, having completed a six-year term on the Board. The employment contract of Mr. Mark Watkinson, serving as CEO and Executive Director, expired on 31 August 2024. Following Mr. Watkinson's departure, Mr. Guillaume Passebecq served as Interim CEO and Executive Director from 1 September 2024 to 10 October 2024 until Mr. Sunil Ramgobin assumed the role of CEO and Executive Director as of 11 October 2024.

The responsibilities of the Board of Directors are set out in its Board Charter which is reviewed on an annual basis by the Board. The responsibilities of the Board include, inter alia:

- Approving the objectives, strategies and business plans of the Bank;
- Retaining full and effective control over the Bank and being responsible for the appointment and monitoring of Management in its implementation of the Board's approved plans and strategies;
- Ensuring that policies and systems in place are effective to achieve a prudential balance between risks and returns to shareholders;
- Ensuring compliance with laws and regulations, including risk management and corporate governance practices and disclosure requirements;
- Exercising leadership, enterprise, integrity and judgement in directing the Bank.

CORPORATE GOVERNANCE

Board Committees

Five Board Committees, as set out below, have been set up by the Board to assist it in the discharge of its duties and responsibilities. The terms of reference of the Board Committees are reviewed on an annual basis to ensure that Board Committees are working within the remit of the laws, regulations, and best practices and are adequately focused to support the strategic direction of the Bank.

Board Audit Committee (BAC)	
Frequency of Meetings	At least every quarter
Main Terms of Reference	Assist the Board in fulfilling its responsibilities in relation to the oversight of the quality and integrity of financial reporting, risk management and internal control, statutory compliance and audit functions. The full terms of reference of the BAC can be accessed on the Governance Section of the Bank's website: https://bankone.mu/en/corporate-governance/
Membership	Mr. Cyril Wong (Chairperson) Mr. Ignasi Serrahima Mr. Marc Israel

Board Risk Management Committee (BRMC)	
Frequency of Meetings	At least every quarter
Main Terms of Reference	Advise the Board on the Bank's overall risk appetite, assess the level of the risks incurred against the Bank's risk appetite, oversee the senior management's implementation of the risk appetite framework, as well as necessary controls and mitigations, and assess / report on the state of the risk culture within the Bank. The full terms of reference of the BRMC can be accessed on the Governance Section of the Bank's website: https://bankone.mu/en/corporate-governance/
Membership	Mr. Lakshman Bheenick (Chairperson) Mr. Kihara Maina Mr. Cyril Wong Mr. Sunil Ramgobin Ms. Roselyne Renel

Board Credit Committee (BCC)	
Frequency of Meetings	Monthly
Main Terms of Reference	Consider and decide on loans applications beyond the discretionary limits of the Management in line with the Credit Risk Policy. The BCC is also responsible to direct, monitor, review and consider all issues that may materially impact on the present and future quality of the Bank's credit risk management. The full terms of reference of the BCC can be accessed on the Governance Section of the Bank's website: https://bankone.mu/en/corporate-governance/
Membership	Ms. Gauri A. Gupta (Chairperson) Mr. Lakshman Bheenick Ms. Roselyne Renel

Board Strategy & Investment Committee (BSIC)	
Frequency of Meetings	At least every quarter
Main Terms of Reference	Assist the Board in validating and monitoring the implementation of the Bank's strategic projects and the required investment to achieve its strategic objectives. The full terms of reference of the BSIC can be accessed on the Governance Section of the Bank's website: https://bankone.mu/en/corporate-governance/
Membership	Mr. Kihara Maina (Chairperson) Mr. Lakshman Bheenick Mr. Ignasi Serrahima Mr. Sunil Ramgobin Ms. Roselyne Renel Mr. Marc Israel

Governance, Nomination & Remuneration Committee (GNRC)	
Frequency of Meetings	At least twice per annum
Main Terms of Reference	Oversee the governance framework of the Bank, approve and recommend to the Board, nominations and remuneration of directors and senior management, and oversee the execution of the HR strategy for the Bank. The full terms of reference of the GNRC can be accessed on the Governance Section of the Bank's website: https://bankone.mu/en/corporate-governance/
Membership	Ms. Gauri A. Gupta (Chairperson) Mr. Lakshman Bheenick Mr. Ignasi Serrahima Ms. Roselyne Renel

Principle 3: Director Appointment Procedures

Board Succession Planning

The Board, in consultation with the shareholders, is responsible for the succession planning and the appointment of new directors to the Board. A Board Succession Policy, which defines the guiding principles for a planned and orderly succession of directors and for filling in any unplanned vacancy on the Board, has been put in place to guide the Board around any recruitment of candidates to the Board. The succession planning of the directors is reviewed on an annual basis by the Governance, Nomination and Remuneration Committee.

The Board uses a Board Skills Matrix to help it in identifying the competencies and skills desired by the Board as a whole to fulfil its role. The matrix is tailored to the unique circumstances and requirements of the Bank in terms of size, business maturity and competencies that the Board would require in light of the Bank's strategic direction. The Board Skills Matrix is reviewed every two years or whenever there is a change in board membership, whichever the earlier.

The Board Skills Matrix is used as a tool in the succession planning process, where the Matrix allows for an easy identification of any gaps in skills and competencies that may be created by the forthcoming retirement of a director(s). It is therefore used as a guidance in the search for a Board member who will best complement the current mix of capability on the Board and to identify any skills gap may be bridged through training and upskilling.

CORPORATE GOVERNANCE

Nomination & Appointment Process

The directors' nomination and appointment process is guided by the legal and regulatory requirements and the Bank's constitution and shareholders' agreement, and is as follows:

Appointment of Non-Executive Directors (Shareholders' Representatives) on the Board

As per the Shareholders' Agreement, each Shareholder is entitled to appoint 2 directors on the Board.

Shareholder serves notice to the Board, advising of the Shareholder's nominated representative

↓

GNRC

Screens the proposed profile to satisfy itself that the proposed candidate is able to commit sufficient time and effort to fulfil his / her responsibilities effectively and that he / she meets the test of fit and proper person as set out in the BoM Guideline on the Fit and Proper Person Criteria.

↓

Board

Considers GRNC's recommendations, approve if thought fit, the fitness and probity of the proposed candidate and authorizes the seeking of the relevant regulatory approvals.

↓

Approval* of the shareholders at the Annual Meeting of Shareholders through Ordinary Resolution

*Subject to regulatory approvals.

Appointment of Independent Directors on the Board

As per the Shareholders' Agreement, the Shareholders may appoint a minimum of 2 and a maximum of 4 independent directors.

GNRC

The GNRC determines the desired profile of the candidate to be recruited, taking into consideration the Bank's strategic direction and the balance of skills, experience and knowledge on the Board so as to enable the Board to discharge its functions and duties effectively.

The GNRC screens* and makes its recommendation to the Board on the best candidate, whilst satisfying itself that the proposed candidate is able to commit sufficient time and effort to fulfil his / her responsibilities effectively, possesses the appropriate skills, experience and knowledge and that he / she meets the test of fit and proper person as set out in the BoM Guideline on the Fit and Proper Person Criteria.

The 2 shareholders' representative(s) (this may be the shareholders respective CEO or any other delegated person) shall be called at the final stage of the interview process to interview the best 2-3 candidates shortlisted by the GNRC.

↓

Board

Considers GRNC's recommendations, approve if thought fit, the fitness and probity of the proposed candidate and authorizes the seeking of the relevant regulatory approvals.

↓

Approval* of the shareholders at the Annual Meeting of Shareholders (AMS) through Ordinary Resolution**

*Subject to regulatory approvals.
**Should there be a casual vacancy arising during the year, the Board shall appoint a director to hold office until the next AMS, at which meeting the director shall stand for re-election by the Shareholders.

Board Induction, Training & Development

The Board ensures that new directors receive a proper induction so that they are familiarized, as soon as possible, with the Bank's operations, senior management, business environment and corporate strategy, as well as their fiduciary duties and responsibilities as directors. Directors' induction is run by the Company Secretary, whereby new directors receive a comprehensive pack, containing a brief presentation on the affairs of the Bank, the governance structure and conduct of meetings, the director's duties and responsibilities, the Bank's Constitution and by-laws, the minutes of the last Board meeting, and such other useful documents. The Company Secretary also arranges one-to-one meetings between the incoming director with the Board Chairperson, the Company Secretary, the CEO and with the Executive Management where the new Board member is briefed on the affairs of the Bank. Visits of some branches and the critical departments of the Bank are also arranged as part of the induction process.

Continuous training is essential to cope with the constant changes in the business environment. While directors have a duty to keep up to date with industry, legal and regulatory developments, it is also the responsibility of the Board to provide them with adequate training and development. In this respect, a training calendar is set on a yearly basis, taking into consideration the training needs of the directors and evolution in the banking business environment as well as the broader macroeconomic landscape.

Principle 4: Director duties, remuneration and performance

Directors are made aware of their legal duties upon their appointment and during the induction process and are reminded of same annually. Directors are guided by the relevant legislations, board charter, constitution, Code of Ethics and bank policies, including the Conflicts of Interests Policy and Related Party Transactions Policy.

Conflicts of Interests & Related party transactions

Transactions with related parties are guided by the Conflicts of Interests and Related Party Transactions Policies, as well as the Code of Ethics. Any related party transaction by directors and senior officers of the Bank are approved by the Board, which ensures that all such transactions are in line with market terms and conditions. A register of related party transactions is maintained by the Bank.

Information governance

The Bank's overall strategic direction, relating to information governance, information technology and security and related expenditures, is overseen by the Board Strategy and Investment Committee (BSIC). Refer to the Transformation & Digitalisation Section for further details.

The Board has approved a comprehensive Information Security Policy, which includes data protection principles, and such Policy is reviewed annually. Operational security-related matters are reported to, and considered at, the Management Integrated Risk Committee. Any risks areas are escalated to the Board Risk Management Committee for further discussion and mitigation.

Board Effectiveness Review

In line with the National Code of Corporate Governance (2016) and the BoM guideline on corporate governance, the Board has established a mechanism to review the effectiveness of the Board as a whole as well as that of its sub committees through a self-assessment questionnaire. The process also includes the Board's assessment of the performance of the Chairperson of the Board, a peer-to-peer evaluation as well as an assessment of the performance of the Company Secretary. The Board Effectiveness Review is carried out on a yearly basis and the results, along with an action plan on areas to be improved, are compiled and presented to the Board thereafter.

In December 2024, with the assistance of an external consultant, the directors conducted a session to reflect on their effectiveness as a Board. The Board is now in the process of implementing an agreed-upon way forward.

Remuneration

Directors' and senior executives' remuneration are dealt with by the Governance, Nomination & Remuneration Committee and approved by the Board of Directors. Independent and non-executive directors are remunerated in the form of a yearly retainer fee. An attendance fee is also paid for each meeting sitting. Such remuneration is commensurate with the size and complexity of the business, as well as the workload and responsibilities involved. The remuneration of non-executive directors is not linked to organizational performance.

The CEO is not remunerated for serving on the Board and Board Committees. In addition to his monthly salary, the CEO is entitled to an annual performance bonus based on the financial results of the Bank, as well as on his individual contribution thereto. He is also entitled to a long-term incentive, which is linked to long-term value creation and achievement of the Bank's strategic plan, payable at the end of every third financial year.

CORPORATE GOVERNANCE

Employees' remuneration is composed of a basic pay and a performance bonus, the main objective of which is to improve productivity by rewarding the staff for meeting and exceeding business goals, whilst operating in a cost effective and efficient manner within the risk culture of the Bank. A long-term incentive scheme is also in place for key management personnel – payments under such a scheme are over a period of three years with a view to retain high performers whilst ensuring a claw back mechanism.

Directors' attendance and remuneration

Directors	Status	Board	BAC	GNRC	BRMC	BSIC	BCC	Total Remuneration FY 2024 (Rs)
Roselyne Renel	ID	6/6		4/4	5/5	5/5	13/15	2,315,750
Mark Watkinson[1]	ED	3/6			3/5	3/5		17,664,221
Moonesar (Sunil) Ramgobin[1]	ED	1/6			1/5	1/5		3,457,472
Gauri Gupta	NED	6/6		4/4			15/15	1,955,000
Lakshman Bheenick[4]	NED	6/6		4/4	5/5	5/5	13/15	2,502,000
Jerome de Chasteauneuf[4]	NED	6/6						480,000
Kihara Maina	NED	6/6			4/5	5/5		1,069,300
Leonard Mususa[2]	ID	3/6	2/5		1/5			363,415
Ignacio Serrahima Arbestain	ID	6/6	5/5	4/4		5/5		1,419,167
Marc Israel	ID	6/6	5/5			5/5		1,093,613
Cyril Wong[3]	ID	6/6	5/5		4/5[3]			1,403,013
								33,722,951

IC - Independent Chairperson ED - Executive Director NED - Non-Executive Director ID - Independent Director

1. The CEO is not paid any additional remuneration for serving as a director. The employment contract of Mr. Mark Watkinson, serving as CEO and Executive Director, expired on 31 August 2024. Following Mr. Watkinson's departure, Mr. Guillaume Passebecq served as Interim CEO and Executive Director from 1 September 2024 to 10 October 2024 until Mr. Sunil Ramgobin assumed the role of CEO and Executive Director as of 11 October 2024.

2. Mr. Leonard Mususa ceased to be a director on 22 April 2024.

3. Mr. Cyril Wong appointed as member of the BRMC on 23 April 2024.

4. Director fees for Mr. Lakshman Bheenick and Mr. Jerome de Chasteauneuf are paid to CIEL Finance Limited.

Principle 5: Risk governance and internal control

The Board is responsible for maintaining a robust risk management and internal control system. It ensures the necessary framework, processes and systems are in place to identify, measure, monitor and mitigate risks within the overall strategic direction of the Bank. The oversight of the Bank's risk management system has been delegated to the Board Risk Management Committee (BRMC). The Chairperson of the BRMC reports to the Board, at each Board Meeting, on matters dealt with at the Committee level to provide the Board with the necessary assurance that risks are effectively managed.

The BRMC reviews and approves, on an annual basis, the Bank's risk appetite, including key metrics and targets, which are then monitored by the risk department and reported back to the BRMC on a quarterly basis. Notwithstanding the quarterly reporting, an escalation matrix ensures timely reporting of risk events at various levels, depending on the severity of such events. The risk culture implementation is driven by the CEO, with regular progress updates being presented to the BRMC.

The Board has also approved the Bank's risk policies and guidelines, and management has been delegated the responsibility of the effective execution of the same through the implementation of appropriate procedures, to ensure that all risks are mitigated to an acceptable level, taking into consideration the Bank's risk appetite, objectives and strategies, as approved by the Board. Compliance to internally established policies and procedures, as well as with laws, regulations and codes in order to protect the Bank's assets and reputation, are also monitored and reported to the BRMC on a quarterly basis.

To further strengthen the risk management framework, the Board has also put in place a risk control self-assessment process, the implementation of which has been delegated to the operational risk unit.

Moreover, the Bank's internal control framework ensures the reliability of financial reporting, operations and systems. The Board is assisted in its responsibilities in this regard by the Board Audit Committee, which ensures that processes are in place to monitor the effectiveness of internal controls. In carrying out its duties, the committee receives regular reports from internal audit. The committee also meets with the Head of Internal Audit and the External Auditor on a quarterly basis and without management being present, to ensure that there are no unresolved material issues of concern.

The risk management section of this Annual Report, provides additional information on the risk management framework and risks that the Bank is exposed to.

Principle 6: Reporting with integrity

The Board of Directors is responsible for the preparation of an Annual Report, including financial statements, in accordance with applicable laws and regulations. Financial statements are also prepared in accordance with the IFRS Accounting Standards.

Directors' responsibilities in respect of the preparation of financial statements are disclosed in the statement of directors' responsibilities section of this Annual Report. The full Annual Report is available on the Bank's website: https://bankone.mu/en/financial-information/

Information regarding the Bank's financial, environmental, social and performance outlook are included in the Performance and Strategy sections of this annual report.

CORPORATE GOVERNANCE

Principle 7: Audit

Internal Audit

Bank One's Internal Audit function is established as an independent and objective assurance and advisory activity, designed to add value and improve Bank One's operations. It helps the Bank to accomplish its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of risk management, control and governance processes.

In line with the Banking Act 2004 requirements, Bank One's Internal Audit functionally reports to the Board Audit Committee (BAC). The Head of Internal Audit is a standing invitee to all BAC meetings, as well as the Board Risk Management Committee meetings. He has unrestricted access to the BAC's Chairperson and members and regularly meets with the BAC, without the presence of Management.

The department's internal audit plan is approved annually by the BAC, and progress is reviewed on a quarterly basis. The Internal Audit team is granted unrestricted access to all the records of the Bank, its management, and employees.

Bank One's Internal Audit Methodology has been designed to align to the Global Internal Audit Standards, as prescribed by the Institute of Internal Auditors (IIA), while catering for a more agile audit approach to allow for ad-hoc requests by the Board and Management.

The department delivers on assurance and advisory activities using a risk-based approach, aligned to laws, regulations, and the Bank's strategic objectives. The Head of Internal Audit and senior members of the audit team are standing invitees on various management committees to aid the Bank in the timely identification of risk.

Internal Audit tracks and reports on the timelines and effectiveness of the implementation of audit recommendations.

During the year, Internal Audit has covered key risk areas within the Bank and which were further derived from its risk based annual planning methodology.

More information on the Bank's Internal Audit function can be found on the Bank's website under: https://bankone.mu/en/ internal-audit/

External Audit

Upon the recommendation of the Board Audit Committee (BAC), PricewaterhouseCoopers (PwC) was appointed as the Bank's external auditors for FY 2024, following a tender process. PwC replaced Deloitte, which had completed a five-year audit cycle. Four audit firms were invited to submit proposals and present to the BAC. The tenderers were evaluated based on factors such as their firm profiles, the quality of the proposed audit team, their banking experience, and their audit and quality assurance approach, among other criteria.

External auditors report on a quarterly basis to the BAC on the quarterly financial statements, and at year-end on the yearly audited financial results of the Bank. The BAC also regularly meets with External Auditors, without management being present.

The Board Audit Committee

During the year under review, the BAC reviewed internal audit reports on assignments carried out as per the approved internal audit plan and discussed the key findings. The audited results and quarterly financial results were also looked into by the Committee. No significant issues arose in relation to the financial statements.

The BAC ensures that both Internal and External Auditors' independence and objectivity are maintained. With regards to External Auditors, any non-audit services provided by the latter are subject to the approval of the BAC, which evaluates the terms of the engagement, the progress of execution and the reporting of such services. Non-audit services provided by PWC during the year pertained to assistance regarding AML CFT review and tax advisory services, forensic review, internal control review and trainings.

The fees paid/payable to PWC for audit and other services are detailed in the other statutory disclosures section of this Annual Report.

Principle 8: Relationships with shareholders and other key stakeholders

Shareholders

Each shareholder has two representatives sitting on the Board of the Bank. The Bank also engages with the shareholders on a regular basis to keep them apprised on the affairs of the Bank and progress against the set KPIs. Given the shareholding structure and close and frequent communication with the two shareholder groups, written resolutions of the shareholders are passed in lieu of holding an Annual General Meeting

Financial Partners

Communication is usually around the Bank's financial performance and compliance with the terms and conditions set out by the financial partners which the Bank's strives to comply to at all times.

Regulators

The Bank, by nature of its activities, is a highly regulated entity. Bank One Limited strives to comply with all regulatory provisions and guidelines in the conduct of its activities.

Government Agencies & Authorities

The Bank builds and maintains close relationships with this stakeholder group through ongoing and consistent communication to ensure credible and effective relations are maintained, ensuring a connected approach which boosts trust and commitment.

Employees

As a responsible employer, the Bank is committed to fostering a supportive work environment for its employees. To this end, several initiatives were implemented, including regular town halls, which serve as a communication channel to address queries and provide updates on the progress of our Strategic Plan. Additionally, the Culture Revamp program will play a crucial role in furthering these efforts.

Customers

In addition to regular customer satisfaction surveys, each line of business regularly holds forums with their clients, whether in the form of investors' circles, breakfast meetings, etc. The Customer Experience team also conduct interviews and meetings with clients to obtain feedback on the quality of service from the Bank.

Suppliers

The Bank engages with third party suppliers to support is business offerings and operations by leveraging on skills and expertise not available internally. Third party risks are managed by the procurement and supplier risk management policy which sets forth the principles and governance structure on which the Bank operates on.

Community

The Bank remained committed towards supporting the community of Pointe Aux Sables in collaboration with its 2 long-standing partners which are the Pere Henri Souchon School and the Jean Blaise Learning Centre. These two NGOs cater for the educational support of some 150 children all coming from an unprivileged background. In 2024, the Bank has been a strong partner to these NGOs in organising some notable CSR events for the students such as the Annual Health Awareness Day, Sports Day, provision IT literacy skills, distribution of school materials and the Annual Christmas Party. The Bank shall remain supportive in 2025 as part of its longer-term plan.

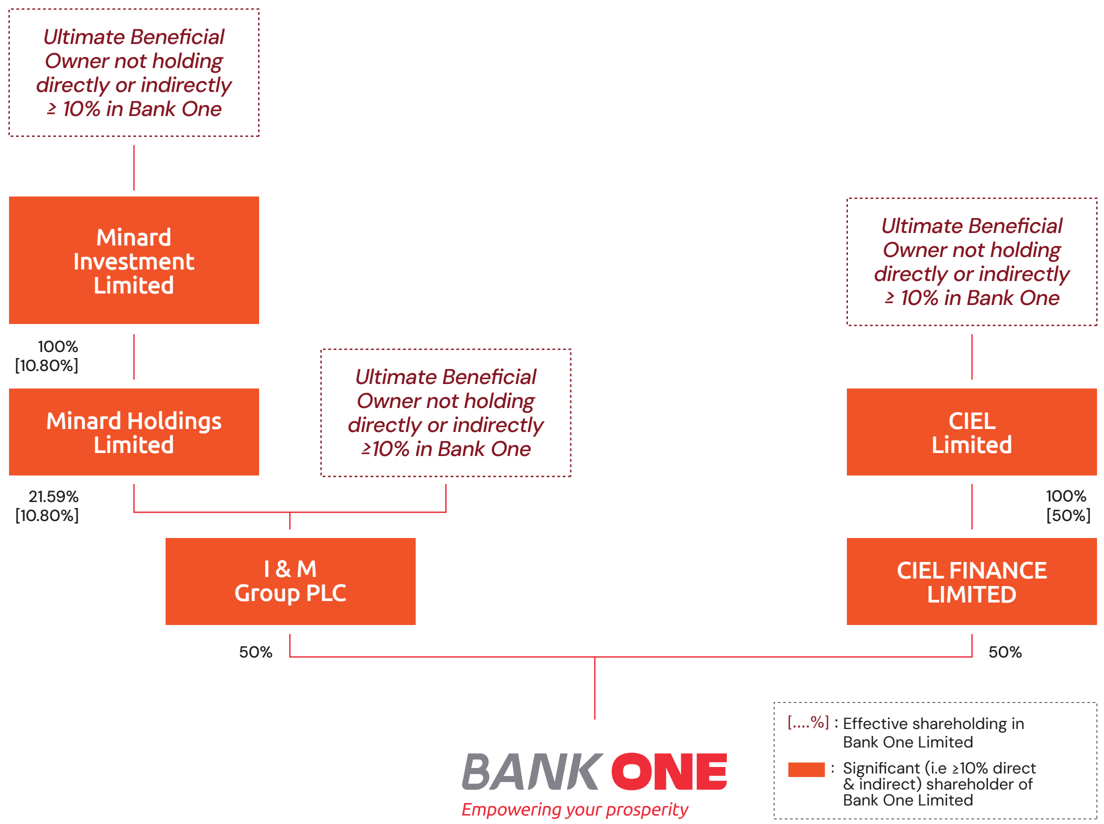
Media

The Bank continues to establish and nurture a strong relationship with the local media whilst developing good media relations in Sub-Saharan Africa (SSA) for its future strategic plans. It also leverages on CIEL and I&M Group Communications support and their partner networks as and when required.

CORPORATE GOVERNANCE

Shareholding structure and shareholders

Bank One Limited's share capital stood at MUR 1,456,456,000, represented by 14,564,560 ordinary shares of no par value, held equally between CIEL Finance Limited and I&M Group PLC. The shareholding structure is illustrated below:



CIEL FINANCE LIMITED

5th Floor, Ebène Skies, Rue De L'institut, Ebène, Mauritius

CIEL Finance is the financial services cluster of CIEL, actively involved in 2 sub-sectors, namely banking and fiduciary services.

With a strategic presence in Sub-Saharan Africa and positioning itself within the financial hub of the Indian Ocean, CIEL Finance supports its regional development while promoting synergies across financial operators.

CIEL is an international Mauritian Group, listed on the Stock Exchange of Mauritius and on the SEM Sustainability Index. The Group invests and operates in 6 strategic sectors, namely Agriculture, Finance Healthcare, Hospitality, Property and Textile. Founded in 1912, CIEL is today present in more than 10 countries across Africa and Asia and employs 37,600 talented individuals. With a market capitalization of about MUR 12.4Bn and a consolidated turnover of MUR 35.2Bn for the 12 months' period ended 30 June 2024, CIEL's portfolio was valued at MUR 24.7Bn and the group total assets at MUR 105.8Bn as at 30 June 2024.

I&M GROUP PLC

1 Park Avenue, 1st Parklands Avenue, Nairobi, Kenya

I&M Group PLC ("I&M Group") is the parent entity for the group's banking and non-banking subsidiaries in East Africa. I&M Group has interests in Banking and Financial services, Insurance, Property and Real Estate, through its subsidiaries, joint venture and associates. Incorporated in 1950, it is one of the oldest companies to be listed on the Nairobi Securities Exchange and is regulated by the Nairobi Securities Exchange, the Capital Markets Authority in Kenya and by the Central Bank of Kenya as a non-operating holding company.

The Group employs more than 3,100 staff spread across the five countries: Kenya, Tanzania, Rwanda, Uganda and in Mauritius (as a joint venture). With a network of over 230 branches and ATMs, the Group's subsidiaries offer the full range of personal and business banking solutions including wealth management and corporate finance advisory services. As of 31 December 2024, I&M Group's market capitalization was approximately USD 434 million while Total Assets were USD 4.3bn based on the last reporting date of 30 September 2024.

Gauri Gupta
Chairperson of the Governance, Nomination & Remuneration Committee
04 March 2025

Kareen Ng
Company secretary

STATEMENT OF COMPLIANCE

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

Name of PIE: Bank One Limited

Reporting Period: Financial year ended December 2024

We, the Directors of Bank One Limited, confirm that, to the best of our knowledge, the Bank has complied with all of its obligations and requirements under the National Code of Corporate Governance for Mauritius (2016), in all material aspects.

Roselyne Renel
Chairperson of the Board
04 March 2025

Gauri Gupta
Chairperson of the Governance, Nomination & Remuneration Committee

OTHER STATUTORY DISCLOSURES

Under Section 221 Of The Companies Act 2001

Directors in office as at 31 December 2024

Refer to Page 90.

Directors' fixed-term service contracts

Nil

Directors' and Officers' Liability Insurance

A Directors' and Officers' Liability Insurance Policy has been subscribed to by the Bank.

Fees payable to Auditors

Type	Description	Fees FY 2024 (MUR)
Audit fees	Yearly, half-yearly and quarterly statutory audits / reviews	9,646,250
Other fees	Tax advisory	345,000
	Internal Control Review	1,092,500
	AMF/CFT	345,000
	Training	14,000
	Other reviews	978,750

Interests Register

In accordance with section 271 of the Companies Act 2001, the shareholders have, through a written resolution of shareholders dated 07 December 2017, dispensed the Bank from the requirement to keep an interests register. Any disclosures required under the Companies Act 2001 and section 48(6) of the Banking Act 2004 are disclosed to the Board and recorded in the minutes of proceedings of the relevant Board meeting.

Charitable donations and political funding

Apart from contribution to CSR projects as detailed in the Corporate Sustainability Report, no political funding or other charitable donations were made during the year under review.

Major transactions

The Bank did not enter into any major transaction during the year under review.

COMPANY SECRETARY'S CERTIFICATE

In my capacity as Company Secretary, I confirm that, to the best of my knowledge and belief, the Bank has filed with the Registrar of Companies, in respect of the financial year ended 31 December 2024, all such returns as are required under the Mauritius Companies Act 2001, in terms of section 166(d).

Kareen Ng
Company secretary
04 March 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements, which give a true and fair view of the financial position, financial performance and cash flows of the Bank, and which comply with the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Reporting Act 2004 and the IFRS Accounting Standards.

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether IFRS Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Bank will continue in business.

The directors are also responsible for safeguarding the assets of the Bank and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with the above requirements in preparing the Annual Report and financial statements. The Board acknowledges its responsibility for ensuring the preparation of the financial statements, in accordance with the IFRS Accounting Standards and the responsibility of external auditors to report on these financial statements. The Board also acknowledges its responsibility to ensure the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Approved by the Board of Directors on 04 March 2025 and signed on its behalf by:

Roselyne Renel
Independent Chairperson

Tchang Fa Wong Sun Thiong
Chairman of the Board Audit Committee

Moonesar Ramgobin
Chief Executive Officer

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Bank's financial statements, presented in this Annual Report, have been prepared by management, who is responsible for their integrity, consistency, objectivity and reliability. International Accounting Standards/ IFRS Accounting Standards as well as the requirements of the Banking Act 2004 and the guidelines issued thereunder, have been applied. Management has exercised its judgement and made the best estimates where deemed necessary.

The Bank has designed and maintained its accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial records are complete and accurate, and that assets are safeguarded against loss from unauthorized use or disposal. These supporting procedures include careful selection and training of qualified staff, the implementation of organizational and governance structures providing a well-defined division of responsibilities, authorization levels and accountability for performance, and the communication of the Bank's policies, procedures manuals and guidelines of the Bank of Mauritius throughout the Bank.

The Bank's Board of Directors, acting in part through the Board Audit Committee and the Board Risk Management Committee, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

The Bank's Internal Auditor, who has full and free access to the Audit Committee, conducts a well-designed programme of internal audits. In addition, the Bank's compliance function maintains policies, procedures and programmes directed at ensuring compliance with regulatory requirements.

Pursuant to the provisions of the Banking Act 2004, the Bank of Mauritius makes such examination and inquiry into the operations and affairs of the Bank as it deems necessary.

The Bank's External Auditor, PricewaterhouseCoopers, has full and free access to the Board of Directors and its committees, to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.

Roselyne Renel	**Moonesar Ramgobin**	**Tchang Fa Wong Sun Thiong**
Independent Chairperson	Chief Executive Officer	Director

04 March 2025

ROOTED IN EXPERTISE, REACHING FOR TOMORROW

Independent auditor's report

to the shareholders of Bank One Limited

Report on the audit of the financial statements

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BANK ONE LIMITED (the "Bank") as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

The financial statements of BANK ONE LIMITED set out on pages 116 to 214 comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policy information and other explanatory information.

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

Basis for opinion

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

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

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Independent auditor's report

to the shareholders of Bank One Limited

Report on the audit of the financial statements (Continued)

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Expected credit losses under IFRS 9 (refer to notes 1.2(g) and 2(b) of the financial statements) This is an area of focus because the determination of expected credit losses ("ECL") requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. The key areas of significant management judgement within the ECL calculations include: • Evaluation of significant increases in credit risk ("SICR"); • Input assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD"); • Assessment of ECL recognised for stage 3 exposures; • Incorporation of forward-looking information into the SICR assessment and ECL measurement; and • Likelihood of economic scenarios.	We performed the following procedures on the ECL, with the assistance of our actuarial experts. We obtained an understanding and tested the operating effectiveness of the relevant controls relating to the approval of credit facilities, subsequent monitoring of credit facilities, review of data inputs on the ECL model, reconciliations performed and collateral management. We assessed the appropriateness of the input assumptions applied within the PD, LGD and EAD models (including forward looking information), in compliance with the requirements of IFRS 9, 'Financial Instruments' (IFRS 9). In addition, our procedures include assessing the appropriateness of the ECL model through reperformance. We assessed whether the stage classification of stage 1 and stage 2 exposures was appropriate in terms of the Bank's accounting policy on SICR at the end of the reporting period. This procedure included the review of the Bank's Watchlist. For Stage 3 exposures, we considered the classification under IFRS 9 and assessed the appropriateness of the inputs used for a sample of clients. We independently recalculated the ECL based on our assessment of the expected cash flows and recoverability of collateral at an individual exposure level for a sample of clients. Where exposures are collateralised, we tested the Bank's legal rights of the collateral by inspecting legal agreements and we obtained the valuation reports from certified valuers and support the value assigned to these collaterals. We also assessed the adequacy of the disclosures in the annual report in accordance with IFRS 9.

Independent auditor's report

to the shareholders of Bank One Limited

Report on the Audit of the Financial Statements (Continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the 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 conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and in compliance with the Mauritian Companies Act 2001, the Mauritian Banking Act 2004 and regulations and guidelines issued by the Bank of Mauritius and 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 Bank'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 Bank or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

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 scepticism 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank'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 Bank 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

to the shareholders of Bank One Limited

Report on the Audit of the Financial Statements (Continued)

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

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

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

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

(a) we have no relationship with or interests in the Bank other than in our capacity as auditor, tax advisor and business advisor;

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

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

Mauritian Banking Act 2004

The Mauritian Banking Act 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) in our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the Mauritian Banking Act 2004 and regulations and guidelines issued by the Bank of Mauritius; and

(b) the explanations or information called for or given to us by the officers or agents of the Bank were satisfactory.

Mauritian Financial Reporting Act 2004

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

Other Matter

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

PricewaterhouseCoopers

PricewaterhouseCoopers

04 March 2025

Shakil Maghun, Licensed by FRC

Statement of Financial Position

as at 31 December 2024

	Notes	Dec-24 Rs 000	Restated Dec-23 Rs 000	Restated Dec-22 Rs 000
ASSETS				
Cash and cash equivalents	12	**17,090,743**	10,169,278	8,191,392
Derivative assets held for risk management	13	**33,666**	4,580	3,116
Non-current asset held-for-sale	18	**-**	-	45,000
Loans and advances to banks	14	**5,795,705**	8,873,984	5,147,185
Loans and advances to customers	15	**17,847,394**	19,129,086	20,180,265
Investment in financial instruments measured at fair value through other comprehensive income (FVTOCI)	16(a)	**4,180,399**	2,427,459	1,402,874
Investment in financial instruments measured at amortised cost	16(b)	**9,513,287**	10,617,591	10,922,555
Right-of-use assets	17	**70,554**	69,774	76,965
Property and equipment	18	**402,355**	420,993	403,005
Intangible assets	19	**140,153**	124,338	133,583
Deferred tax assets	20	**60,701**	31,539	44,515
Other assets	21	**256,743**	301,796	278,742
Total assets		**55,391,700**	52,170,418	46,829,197
LIABILITIES				
Deposits from customers	22	**47,861,820**	44,847,282	38,242,254
Derivative liabilities held for risk management	13	**18,981**	39,434	26,439
Other borrowed funds	23	**1,406,635**	1,299,929	2,932,664
Subordinated liabilities	24	**982,138**	1,112,897	1,289,279
Employee benefit obligations	27	**172,384**	121,264	84,453
Current tax liabilities	25	**38,112**	36,942	22,657
Other liabilities	26	**449,244**	482,325	512,143
Lease liabilities	17	**80,749**	79,065	84,617
Total liabilities		**51,010,063**	48,019,138	43,194,506
EQUITY				
Stated capital	29	**1,456,456**	1,456,456	1,456,456
Retained earnings		**1,870,717**	2,021,147	1,646,082
Other reserves		**1,054,464**	673,677	532,153
Total equity		**4,381,637**	4,151,280	3,634,691
Total equity and liabilities		**55,391,700**	52,170,418	46,829,197

These financial statements were approved and authorised for issue by the Board of Directors on 04 March 2025.

Roselyne Renel
Chairperson of the Board of Directors

Moonesar Ramgobin
Chief Executive Officer

Tchang Fa Wong Sun Thiong
Chairman of the Board Audit Committee

The notes on pages 121 to 214 form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2024

	Notes	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Interest income		**2,647,641**	2,352,766	1,393,221
Interest expense		**(1,307,618)**	(1,083,860)	(399,407)
Net interest income	3	**1,340,023**	1,268,906	993,814
Fee and commission income		**393,543**	400,946	457,051
Fee and commission expense		**(184,557)**	(138,951)	(127,650)
Net fee and commission income	4	**208,986**	261,995	329,401
Net gain on dealing in foreign currencies and derivatives	5	**349,292**	255,594	178,747
Net gain from derecognition of financial assets measured at FVTOCI	6	**359**	733	3,111
Other operating income/(loss)	6	**571**	(55)	1,746
		350,222	256,272	183,604
Operating income		**1,899,231**	1,787,173	1,506,819
Personnel expenses	8	**(633,411)**	(674,637)	(617,351)
Depreciation and amortisation	17,18 and 19	**(94,878)**	(110,637)	(96,901)
Other expenses	9	**(415,833)**	(323,319)	(290,473)
		(1,144,122)	(1,108,593)	(1,004,725)
Profit before impairment		**755,109**	678,580	502,094
Net impairment (loss)/reversal on financial assets	7	**(156,244)**	132,150	33,476
Total impairment (loss)/reversal		**(156,244)**	132,150	33,476
Profit before income tax		**598,865**	810,730	535,570
Income tax expense	10	**(31,451)**	(54,920)	(41,745)
Profit for the year		**567,414**	755,810	493,825
Earnings per share - Basic and diluted (Rs)	11	**38.96**	51.89	33.91
Profit for the year		**567,414**	755,810	493,825
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of post-employment benefit obligations, net of tax		**(31,125)**	(33,759)	(14,643)
Revaluation on building, net of tax		**(996)**	-	36,505
Movement in fair value reserve for equity instruments at FVTOCI		**9,033**	(4,076)	6,080
Items that may be reclassified subsequently to profit or loss:				
Movement in fair value reserve for debt instruments at FVTOCI investment securities, net of tax:				
Reclassification of gains on disposal of FVTOCI debt instruments during the year		**(359)**	(733)	(3,111)
Loss/(credit) allowance relating to debt instruments held at FVTOCI		**3,016**	(1,152)	(146)
Gains/(losses) on FVTOCI instruments during the year		**37,374**	66,999	(107,316)
Other comprehensive income for the year		**16,943**	27,279	(82,631)
Total comprehensive income for the year		**584,357**	783,089	411,194

The notes on pages 121 to 214 form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2024

	Stated capital	Revaluation surplus	Statutory reserve	General banking reserve	Fair value reserve	Retirement Benefit Plan reserve	Retained earnings	Total equity
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2022	1,456,456	97,313	463,551	57,868	(19,256)	(69,804)	1,725,369	3,711,497
Profit for the year	-	-	-	-	-	-	493,825	493,825
Other comprehensive income for the year	-	36,505	-	-	(104,493)	(14,643)	-	(82,631)
Transfer to general banking reserve	-	-	-	11,038	-	-	(11,038)	-
Transfer to statutory reserve	-	-	74,074	-	-	-	(74,074)	-
Total comprehensive income	-	36,505	74,074	11,038	(104,493)	(14,643)	408,713	411,194
Transactions with owners								
Dividend	-	-	-	-	-	-	(488,000)	(488,000)
Total transactions with owners	-	-	-	-	-	-	(488,000)	(488,000)
Balance as at 31 December 2022	1,456,456	133,818	537,625	68,906	(123,749)	(84,447)	1,646,082	3,634,691
Balance as at 1 January 2023	1,456,456	133,818	537,625	68,906	(123,749)	(84,447)	1,646,082	3,634,691
Profit for the year	-	-	-	-	-	-	755,810	755,810
Other comprehensive income for the year	-	-	-	-	61,038	(33,759)	-	27,279
Transfer to general banking reserve	-	-	-	874	-	-	(874)	-
Transfer to statutory reserve	-	-	113,371	-	-	-	(113,371)	-
Total comprehensive income	-	-	113,371	874	61,038	(33,759)	641,565	783,089
Transactions with owners								
Dividend	-	-	-	-	-	-	(266,500)	(266,500)
Total transactions with owners	-	-	-	-	-	-	(266,500)	(266,500)
Balance as at 31 December 2023	1,456,456	133,818	650,996	69,780	(62,711)	(118,206)	2,021,147	4,151,280
Balance as at 1 January 2024	**1,456,456**	**133,818**	**650,996**	**69,780**	**(62,711)**	**(118,206)**	**2,021,147**	**4,151,280**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**567,414**	**567,414**
Other comprehensive income for the year	**-**	**(996)**	**-**	**-**	**49,064**	**(31,125)**	**-**	**16,943**
Transfer to general banking reserve	**-**	**-**	**-**	**278,732**	**-**	**-**	**(278,732)**	**-**
Transfer to statutory reserve	**-**	**-**	**85,112**	**-**	**-**	**-**	**(85,112)**	**-**
Total comprehensive income	**-**	**(996)**	**85,112**	**278,732**	**49,064**	**(31,125)**	**203,570**	**584,357**
Transactions with owners								
Dividend	**-**	**-**	**-**	**-**	**-**	**-**	**(354,000)**	**(354,000)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(354,000)**	**(354,000)**
Balance as at 31 December 2024	**1,456,456**	**132,822**	**736,108**	**348,512**	**(13,647)**	**(149,331)**	**1,870,717**	**4,381,637**

The notes on pages 121 to 214 form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2024

Revaluation surplus

Revaluation surplus comprises of changes in the carrying amount arising on revaluation of property and equipment.

Statutory reserve

Statutory reserve comprises of accumulated annual transfer of 15% of the net profit for the year in line with Section 21(1) of the Mauritian Banking Act 2004.

Fair value reserve

Fair value reserve comprises of the cumulative net change in the fair value of financial assets measured at FVTOCI that has been recognised in other comprehensive income until the investments are derecognised or impaired.

General Banking Reserve

This relates to a general provision for both performing and non-performing exposures in line with the Guideline on classification, provisioning and write-off of credit exposures revised August 2024. In addition to the general provisions for performing exposures, macro-prudential provisions are also recognised on certain sectors for performing exposures.

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
General provision	**282,259**	-	-
Additional Macro prudential	**66,253**	69,780	68,906
	348,512	69,780	68,906

Dividend

Pursuant to the Board meeting held on 18 April 2024, a final dividend of Rs.354 million (Rs24.3056 per share) (2023: Rs266.5 million) was approved for distribution as dividend to shareholders and was paid in June 2024, out of retained earnings, after all regulatory approvals were obtained.

The notes on pages 121 to 214 form an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2024

	Dec-24 Rs 000	Restated Dec-23 Rs 000	Restated Dec-22 Rs 000
Cash flows from operating activities			
Profit before income tax	**598,865**	810,730	535,570
Net change on provision for credit impairment (note 7)	**156,244**	(132,150)	(33,476)
Depreciation (notes 17 and 18)	**62,521**	60,024	59,146
Amortisation (note 19)	**32,357**	50,613	37,755
(Gain)/loss on disposal of property and equipment (note 6)	**(571)**	55	82
Change in pensions obligations	**13,644**	765	7,995
Net gain from derecognition of financial assets measured at FVTOCI	**(359)**	(733)	(3,111)
Net interest income	**(1,340,023)**	(1,268,906)	(993,814)
	(477,322)	(479,602)	(389,853)
Changes in operating assets and liabilities			
Movement in derivatives	**(49,539)**	11,531	63,037
Decrease/(increase) in loans and advances			
- to banks	**3,011,627**	(3,685,429)	(1,891,009)
- to customers	**1,146,473**	1,128,569	(2,582,403)
Decrease in other assets	**49,847**	86,377	1,217,548
Increase in deposits from customers	**2,913,774**	6,480,500	373,084
Decrease in other liabilities	**(28,297)**	(14,604)	(20,162)
Interest received	**2,636,305**	2,358,306	1,384,163
Interest paid	**(1,217,709)**	(952,875)	(439,325)
Income tax paid	**(55,922)**	(29,946)	(38,462)
Net cash generated from/(used in) operating activities	**7,929,237**	4,902,827	(2,323,382)
Cash flows from investing activities			
Purchase of investment securities	**(14,421,811)**	(18,403,797)	(11,690,734)
Proceeds from sale of investment securities	**14,511,487**	17,751,731	11,563,302
Purchase of property and equipment (note 18)	**(26,471)**	(18,057)	(21,570)
Proceeds from sale of property and equipment	**645**	21	-
Purchase of intangible assets (note 19)	**(48,172)**	(41,483)	(42,254)
Net cash generated from/(used in) investing activities	**15,678**	(711,585)	(191,256)
Cash flows from financing activities			
Repayment of subordinated liabilities	**(129,053)**	(177,088)	(104,806)
Repayment of other borrowed funds	**(695,092)**	(2,008,514)	(1,064,730)
Proceeds from other borrowed funds	**443,867**	663,396	1,408,885
Dividend paid	**(354,000)**	(266,500)	(488,000)
Principal repayment of the lease liabilities	**(16,582)**	(19,849)	(19,898)
Net cash used in financing activities	**(750,860)**	(1,808,555)	(268,549)
Cash and cash equivalents at the beginning of the year (note 12)	**10,048,780**	7,666,093	10,449,280
Net cash generated from/(used in) operating activities	**7,929,237**	4,902,827	(2,323,382)
Net cash generated from/(used in) from investing activities	**15,678**	(711,585)	(191,256)
Net cash used in financing activities	**(750,860)**	(1,808,555)	(268,549)
Net increase/(decrease) in cash and cash equivalents	**7,194,055**	2,382,687	(2,783,187)
Cash and cash equivalents at end of year (note 12)	**17,242,835**	10,048,780	7,666,093

The notes on pages 121 to 214 form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2024

1 General Information

Bank One Limited (the "Bank") is a privately owned entity incorporated on 26 March 2002 in the Republic of Mauritius and licensed with the Bank of Mauritius to carry out Banking business. The Bank is owned jointly by Ciel Finance Ltd and I&M Group Plc, with 50% shareholding each. The Bank is domiciled in the Republic of Mauritius with registered address as follows:

BANK ONE LIMITED

16, Sir William Newton Street

Port Louis

Mauritius

1.1 Application of New and Revised IFRS Accounting Standards

New and amended standards adopted by the Bank

The Bank has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants –Amendments to IAS 1;
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New IFRS Accounting Standards and IFRIC® Interpretations not yet adopted.

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Bank. These have been listed below:

(a) Amendments to IAS 21 - Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)

(b) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)

(c) Annual improvements to IFRS - Volume 11 (effective for annual periods beginning on or after 1 January 2026)

(d) IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

The directors anticipate that these standards and interpretation will be applied in the Bank's financial statements at the above effective dates in future periods and have not yet assessed the potential impact of the application of these amendments.

1.2 Material Accounting Policy Information

The material 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 financial statements of Bank One Limited comply with the Mauritius Companies Act 2001, the regulations and guidelines issued by the Bank of Mauritius, the Mauritian Financial Reporting Act 2004 and the Mauritian Banking Act 2004 and have been prepared in accordance with IFRS Accounting Standards , Guidelines and Guidance Notes issued by the Bank of Mauritius, in so far as the operations of the Bank are concerned. Where necessary, comparative figures in the notes to the financial statements have been amended to confirm with changes in current year's presentation.

The financial statements have been prepared under the historical cost convention, except for the following assets and liabilities that are measured at fair value:

1) Financial assets measured at fair value through other comprehensive income;

2) Certain classes of property and equipment - measured at revalued amount;

3) Defined pensions benefits plan assets measured at fair value; and

4) Derivative assets and liabilities held for risk management purposes (FVTPL).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(a) Basis of preparation (Cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1.3.

(b) Foreign currency translation

(i) Functional and presentation currency

These financial statements are prepared in Mauritian Rupees (Rs), which is the Bank's functional and presentation currency. Except as indicated, the financial statements and related notes presented in Mauritian rupees have 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. Transactions denominated in foreign currencies are accounted for at the closing rate of exchange ruling at the date of the transaction.

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

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

Translation differences on non monetary items, such as investments in equities classified as fair value through other comprehensive income, are included in the fair value reserve in other comprehensive income.

(c) Interest income and expense

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at fair value through profit or loss are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in the profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. When a receivable is impaired, the Bank reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses ("ECL"). The interest is suspended and recognised only upon receipt. If, in subsequent reporting periods the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(d) Fees, commissions and dividend income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are rendered. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party - such as the arrangement of the acquisition of shares or other securities are recognised on completion of the underlying transaction.

Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportioned basis. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled.

Dividend income is recognised when the Bank's right to receive the dividend is established.

(e) Net gain/(loss) on dealing in foreign currencies and derivatives

Net gain/(loss) on dealing in foreign currencies and derivatives comprise of net gains on foreign exchange transactions, fair value gain/(loss) on derivatives and translation differences.

(f) Financial Instruments

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss. For all financial assets the amount presented on the statement of financial position represent all amounts receivable including interest accruals.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI);
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Bank may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Bank may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI; and
- the Bank may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt instruments at amortised cost or at FVTOCI

The Bank assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Bank's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(f) Financial Instruments (Cont'd)

Financial Assets (Cont'd)

Debt instruments at amortised cost or at FVTOCI (Cont'd)

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Bank has more than one business model for managing its financial instruments which reflect how the Bank manages its financial assets in order to generate cash flows. The Bank's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Bank considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Bank does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Bank takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Bank determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. There have been no such changes in the current and prior years.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(f) Financial Instruments (Cont'd)

Equity instruments designated at FVTOCI

On initial recognition, the Bank may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has evidence of a recent actual pattern of short term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Financial instruments - initial recognition and subsequent measurement

Reclassifications

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Bank's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Bank holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on "Modification and derecognition of financial assets".

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost, debt instruments measured at FVTOCI and derivatives, exchange differences are recognised in profit or loss in the 'Net gain on dealing in foreign currencies and derivatives' line item.

Cash and cash equivalents

Cash and cash equivalents' include notes and coins on hand, balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. For the purposes of presentation in the statements of cash flows, cash and cash equivalents comprise cash-in-hand, cash at bank, highly liquid investments and bank overdrafts. Bank overdrafts are shown under current liabilities on the statement of financial position.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Investment securities

The investment securities include:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt securities measured at FVTOCI; and
- equity investment securities designated as at FVTOCI.

For debt securities measured at FVTOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(f) Financial Instruments (Cont'd)

Financial instruments – initial recognition and subsequent measurement (Cont'd)

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Bank elects to present changes in the fair value of certain investments in equity instruments that are not held for trading in OCI. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Fair value gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Financial liabilities

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another counterparties under conditions that are potentially unfavourable to the Bank or a contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Bank's own equity instruments.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. For all financial liabilities the amount presented on the statement of financial position represent all amounts payable including interest accruals.

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Acceptances, letters of credit and Financial guarantee contracts

Acceptances and letters of credit

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from customers. Acceptances and letters of credit are accounted for as off-balance sheet items and are disclosed as contingent liabilities and commitments.

Financial guarantee contracts

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

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee would be the premium agreed on initial recognition, which is at arm's length. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation calculated to recognise in profit or loss the fee income earned on a straight-line basis over the life of the guarantee and the best estimate of the expenditure required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. Any increase in the liability relating to guarantees is taken to profit or loss.

Impairment of financial assets

The Bank applies a three-stage approach to measuring expected credit losses (ECL) on debt instruments accounted for at amortised cost and FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(f) Financial Instruments (Cont'd)

Impairment of financial assets (Cont'd)

i) *Stage 1: 12-months ECL*

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

ii) *Stage 2: Lifetime ECL - not credit impaired*

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

iii) *Stage 3: Lifetime ECL - credit impaired*

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

In determining whether credit risk has increased significantly since initial recognition, the Bank uses its internal credit risk grading system, external risk ratings and forecast information to assess deterioration in credit quality of a financial asset.

The Bank assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Bank and all the cash flows that the Bank expects to receive. The ECL is recognised in the provision account.

The Bank considers its historical loss experience and adjusts this for current observable data. In addition, the Bank uses reasonable and supportable forecasts of future economic conditions including experienced judgement to estimate the amount of an expected impairment loss. IFRS 9 introduces the use of macroeconomic factors which include, but is not limited to, unemployment, interest rates, gross domestic product, inflation and commercial property prices, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward-looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL.

In the case of the new asset category for debt instruments measured at FVTOCI, the measurement of ECL is based on the three-stage approach as applied to financial assets at amortised cost. The Bank recognises the provision charge in profit and loss, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount of the asset in the statement of financial position.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(g) Classes of financial instruments

(i) The Bank classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments.

The classification is disclosed in the table below:

Impairment of financial assets

Category		Class		Subclasses
Financial Assets	Loans and advances at amortised cost	Loans and advances to Banks		Term Loans
		Loans and advances to customers	Loans to individuals	Credit cards
				Mortgages
				Other Retail Loans
			Loans to corporate entities	Corporate Customers
			Loans to entities outside Mauritius	Offshore Retail and Corporate Loans
	Securities purchased under agreement to resell		Loans to corporate entities	Corporate Customers
	Investments at amortised cost	Investment securities Debt instruments		Unlisted
	Investments at FVTOCI	Investment securities Debt instruments		Unlisted
		Investment securities Equity instruments		Unlisted
	Derivative financial assets (FVTPL)	Derivatives held for risk management		Unlisted
	Other financial assets at amortised cost	Cash and cash equivalents		Unlisted

Category		Class	Subclasses
Financial Liabilities	Financial liabilities at amortised cost	Deposits from customers	Retail Corporate International
	Derivatives financial liabilities (FVTPL)	Derivatives held for risk management	Unlisted
	Financial liabilities at amortised cost	Other borrowed funds	Local and foreign Banks
		Subordinated liabilities	
Off balance sheet financial Instruments	Loans commitments	Loans commitments	Retail Corporate International Private
	Guarantees, acceptances and other financial facilities	Acceptances Guarantees Letter of credit	Retail Corporate International Private

(ii) Credit risk measurement

Loans and advances

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposures vary with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. Refer to "Measuring ECL- Explanation of inputs, assumptions and estimation techniques".

Expected credit loss measurement (ECL)

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'stage 1' and has its credit risk continuously monitored by the Bank.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(g) Classes of financial instruments (Cont'd)

(ii) Credit risk measurement (Cont'd)

Expected credit loss measurement (ECL) (Cont'd)

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'stage 2' but is not yet deemed credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'stage 3'.
- Financial instruments in stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events within the next 12 months. Instruments in stages 2/3 have their ECL measured on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (stage 3). Currently the Bank does not have any purchased or originated credit-impaired financial assets on its books.

Further explanation is also provided of how the Bank determines appropriate groupings when ECL is measured on a collective basis.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition) 12-month expected credit losses	(Significant increase in credit risk since initial recognition) Lifetime expected credit losses	(Credit-impaired assets) Lifetime expected credit losses

The key judgements and assumptions adopted by the Bank is addressing the requirements of the standard are discussed below:

Significant increase in credit risk (SICR)

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following qualitative or backstop criteria have been met.

(iii) Qualitative criteria

For retail portfolios, if the borrower meets one or more of the following criteria:

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last (12) months

For Corporate and Investment portfolios, if the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early sign of cashflow/liquidity problems such as delay in servicing of trade creditors/ loans

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(g) Classes of financial instruments (Cont'd)

Expected credit loss measurement (ECL) (Cont'd)

(iii) Qualitative criteria (Cont'd)

The assessment of SICR incorporates forward-looking information (refer to note SICR for further information) and is performed on a quarterly basis at a portfolio level for all retail financial instruments held by the Bank. In addition to corporate and investment financial instruments, where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level on a quarterly basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

(iv) Backstop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Definition of default and credit-impaired assets

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

The borrower meets unlikeliness to pay criteria which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable than the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses

The criteria above have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Bank expected loss calculations.

The 90 days past due default definition has been aligned with the definition used for regulatory capital purposes.

A non-performing exposure should be upgraded to a standard exposure when:

- All arrears of interest and principal are paid by the counterparty in full and the customer meets the terms and conditions of the existing loan for a continuous 'observation' period
- The counterparty has resolved its financial difficulty such that full repayment is expected according to original or modified terms
- The reduction in credit risk is considered sustainable

(v) Measuring ECL- Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per 'Definition of default and credit-impaired' above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime ED) of the obligation.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(g) Classes of financial instruments (Cont'd)

Definition of default and credit-impaired assets (Cont'd)

(v) Measuring ECL- Explanation of inputs, assumptions and estimation techniques (cont'd)

- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M PD), or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Bank expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future year and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio, which is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owned by the borrower over a 12M or lifetime basis. This will be adjusted for any expected overpayments made by a borrower. Early repayment/ refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a 'credit conversion factor' (CCF) which allows for the expected drawdown of the remaining limit by adding the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Bank's recent default data.
- The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.
- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically set at product level due to limited differentiation in recoveries achieved across different borrowers.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD.

The assumptions under the ECL calculation- such as how the maturity profile of the PDs and how collateral value change, etc.- are monitored and reviewed on a quarterly basis.

(vi) Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed a historical analysis and identified the key economic variables impacting credit risk and the expected credit losses for each portfolio. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(g) Classes of financial instruments (Cont'd)

(vi) Forward-looking information incorporated in the ECL models (Cont'd)

The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have historically on default rates and on the components of LGD and EAD.

Sensitivity Analysis

The most significant assumptions affecting the ECL allowances are as follows:

(i) Unemployment rate, given its impact on secured and unsecured borrower's ability to meet their contractual repayments;

(ii) GDP, given the significant impact on individual and companies' performance and collateral valuations; and

(iii) Inflation rate, given its impact on likelihood of default.

Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within the Bank are homogeneous.

In performing this grouping, there must be sufficient information for the Bank to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking against internal/external supplementary data to use for modelling purposes. The characteristics and any supplementary data used to determine groupings are outlined below:

Retail- Groupings for collective measurement:

- Product type (e.g. residential loan, overdraft, etc.)
- Repayment type (e.g. interest only)

Corporate- Groupings for collective measurement

- Industry
- Collateral type

The stage 3 exposures are assessed individually. The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk team.

(h) Write-off policy

The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable recovery include (i) ceasing enforcement activity; and (ii) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Bank may write off financial assets that are still subject to enforcement activity. The Bank still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

(i) Modification and derecognition of financial assets

The Bank sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. Such restructuring activities may include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original assets. The Bank monitors the subsequent performance of modified assets. The Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2. This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(i) Modification and derecognition of financial assets (Cont'd)

The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises the retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss. On derecognition of a financial asset other than in its entirety (e.g. when the Bank retains an option to repurchase part of a transferred asset), the Bank allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

(j) Modification and derecognition of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Bank exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. To determine if the modified terms of a liability are substantially different to the original terms a similar process with modification of financial assets is followed. The modification is assessed at first on a qualitative basis, factors such as a change in currency or the introduction of a non-closely related embedded derivative that significantly modifies the cash flows are regarded as substantially different. If it is not clear from the qualitative assessment that a modification has resulted in a substantial change in a financial liability, a quantitative assessment is applied. It is assumed that the terms of the financial liability are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the Bank recalculates the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate. The Bank recognises any adjustment to the amortised cost of the financial liability in profit or loss as income or expense at the date of the modification. The financial liability modification gain/loss is not significant for the Bank. Modification gains are presented in 'other income' and modification losses are presented in 'other expenses' in profit or loss

(k) Fair value measurements

The Bank measures financial instruments, such as, derivatives at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in **Note 2 (h)**.

The principal or the most advantageous market must be accessible to the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(l) Derivative financial instruments

Derivative financial instruments include foreign exchange contracts and currency swaps. These are initially recognised in the statement of financial position at cost and subsequently remeasured at their fair value.

Fair values of derivatives between two external currencies are based on interest rate differential between the two currencies. Fair values of forwards involving Mauritian Rupees are based on treasury bills rate or SOFR. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Transaction costs are charged immediately through profit or loss.

The Bank's derivative transactions, while providing effective economic hedges under the Bank's risk management policies, do not qualify for hedge accounting under the specific rules of IFRS 9 and are therefore treated as derivatives held for trading with fair value gains and losses reported through profit and loss.

(m) Property and equipment

Property and equipment (except land and buildings) are carried at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land and buildings are stated at revalued amounts. Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

Land and work-in-progress are not depreciated. Depreciation is calculated to write down the cost or amount of the valuation of such assets to their residual values on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
Laptops	3 years
Mobile phones	3 years
Computer and other equipment	5 years
Furniture and fittings	10 years
Motor vehicles	5 years

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

Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are recognised as income or expense in profit or loss. On disposal of revalued assets, the corresponding amounts included in the revaluation surplus are transferred to retained earnings.

Work-in-Progress ("WIP") is not subject to depreciation. Once the WIP is ready to be used, it will be capitalised and will be depreciated over its useful life.

Revaluation of property

Properties are subject to revaluation every 3 years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive Income and decrease the previously recognised revaluation surplus in equity; all other decreases are charged to profit or loss for the year. The revaluation reserve for premises included in equity is transferred directly to retained earnings when the revaluation surplus is realised on the retirement or disposal of the asset.

(n) Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(n) Intangible assets (Cont'd)

Computer software (Cont'd)

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

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

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years.

(o) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flow (cash generating units).

The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(p) Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(q) Dividend policy

Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorised for issue, are disclosed in the subsequent events note. The statutory accounting results of the Bank are the basis for profit distribution and other appropriations.

(r) Deposits from customers, other borrowed funds and subordinated liabilities

Deposits, other borrowed funds and subordinated liabilities are the Bank's main sources of debt funding.

Deposits, other borrowed funds and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs. Subsequently, they are measured at their amortised cost using the effective interest method.

(s) Provisions for liabilities

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

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(t) Employee Benefit Obligations

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution pension plan

The Bank operates a defined contribution pension plan. The contribution payable to the defined contribution plan is in proportion to the services rendered to the Bank by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

(iii) Retirement and other benefit obligations

The present value of retirement gratuity as provided under the Mauritian Workers Rights Act 2019 is recognised in the statement of financial position as a liability.

Re-measurement, comprising actuarial gains and losses, is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The Bank presents the first two components of defined benefit costs in profit or loss in the line item "Personnel expenses" as part of staff costs. Curtailment gains and losses are accounted for as past service costs.

<u>State plan</u>

Contributions to the Contribution Sociale Généralisée (CSG) are expensed to profit or loss in the period in which they fall due.

<u>Defined benefit plans</u>

The Bank also operates a defined benefit pension plan.

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

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flow using interest rates of high quality corporate or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they occur.

The Bank determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate to the net defined benefit liability/(asset) and the fair value of the plan asset.

Net interest expense/(income) is recognised in of profit or loss.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(t) Employee Benefit Obligations (Cont'd)

(iii) Retirement and other benefit obligations (Cont'd)

Service costs comprising current service cost and past service cost are recognised immediately in the statement of profit or loss. Current service cost reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit charges curtailments and settlements.

(iv) Preferential rate loans to employees

The Bank grants loans to its employees at preferential rates. The prepaid employee benefits on these loans is accounted for under 'other assets' and is recognised in profit or loss over the shorter of the life of the loan and the expected service life of the employee. The interest rate on the loan reverts to market rate from the day the employee is no longer employed by the Bank. There may be cases where, following special arrangements, the Bank agrees to keep the loan of the leavers at preferential rates. The prepaid employee benefits are the difference between the present value of future cash flows discounted at commercial rate (which are rates that would be given to similar customers in arm's length transactions), and the carrying amount of the loan. Interest on such loans is then recognised at market rate over the life of the loan.

(v) Termination Benefits

Termination benefits are payable when employment is terminated by the Bank before the normal retirement date, or when the employee accepts voluntary redundancy in exchange of these benefits. The Bank recognises termination benefits at the earlier of the following dates:

(a) When the Bank can no longer withdraw the offer of those benefits;

(b) When the Bank recognises costs for a restructuring that is within the scope of IAS 37 and involves payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

As at 31 December 2024, no provision has been made for termination benefits (2023 and 2022: Nil).

(u) Income Tax

Tax expense for the period includes current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such cases, the tax is recognised in other comprehensive income or directly in equity, respectively.

Following the introduction of the Corporate Climate Responsibility (CCR) Levy of 2% on the Bank's profits, a tax rate of 7% has been applied.

(i) Current tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are recoverable or unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

(ii) Special Levy

Special levy on Banks having leviable income not exceeding Rs 1.2 billion are calculated at the rate of 5.5% of net interest income and other income before deduction of expenses. Special levy is not applicable on income derived from transactions with Global Business Licence holders and Mauritian companies to the extent of their Banking transactions carried out through a foreign permanent establishment.

The levy for a Bank in operation as at 30 September 2018 is capped at 1.5 times of the levy payable for the year of assessment 2017-2018. No levy shall be paid for an accounting period where a bank incurred a loss in the accounting period.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(u) Income Tax (Cont'd)

(iii) Corporate Social Responsibility

The Bank also makes a statutory provision for CSR activities at the rate of 2% of chargeable income (Resident only) as per Mauritian Income Tax Act 1995 Section 50L.

The required CSR fund for the year is recognised in tax expense in profit or loss. The net amount of CSR fund payable to the taxation authority is included in current tax liabilities in the statement of financial position.

(iv) Deferred income tax

Deferred tax is provided for, using the liability method, on all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The principal temporary differences arise from depreciation of property and equipment, provisions for impairment losses on loans and advances and provisions for employee benefits. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authorities.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

As per the Mauritian Finance (Miscellaneous Provisions) Act 2018, the tax rate was amended to 5% (2016-17- 15% less the foreign tax credit of 80%) effective as from 1 July 2020. With the CCR levy, the deferred income tax rate is 9% (resident) and 7% (non-resident) as from 2024. The directors have agreed to amend the deferred income tax asset rate to 7% (resident) and 5% (non-resident) as from 2018.

(v) Leases

The Bank as a lessee

The Bank assesses whether a contract is or contains a lease, at inception of the contract. The Bank recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Bank and the lease does not benefit from a guarantee from the Bank.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(v) Leases (Cont'd)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Bank did not make any such adjustments in the current and prior years.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use assets.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the statement of financial position.

The Bank applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Impairment of non-financial assets" policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Bank has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Bank allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Bank as a lessor

The Bank is engaged in the provision of finance leases to both individuals and corporates. The Bank's portfolio is made up of principally motor vehicles and equipment. The credit quality of the lease book is monitored by a dedicated Credit Risk Team, with the Bank having established strong credit quality assessment criteria, with monitoring of credit limits and collateralisation.

Leases for which the Bank is a lessor are classified as finance leases.

Notes to the Financial Statements

for the year ended 31 December 2024

1.2 Material Accounting Policy Information (Cont'd)

(v) Leases (Cont'd)

(i) Recognition and initial measurement for finance lease receivables

Under a finance lease, substantially all the risks and rewards incidental to legal ownership are transferred by the Bank, and thus the lease payment receivable is treated by the Bank as repayment of principal and interest income to reimburse and reward the lessor for its investment and services. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Initial direct costs such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease, but excluding general overheads, are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the finance lease receivable; there is no need to add them separately.

(ii) Subsequent measurement

The recognition of interest income shall be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. The Bank aims to allocate interest income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Bank's finance lease receivable.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Bank's net investment in finance lease receivables. Subsequent to initial recognition, the Bank regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Lease repayments relating to the period, excluding cost for services, are applied against the gross investment in the lease receivables to reduce both the principal and the unearned finance income. Estimated unguaranteed residual values used in computing the Bank's gross investment in a lease are reviewed regularly. If there has been a reduction in the estimated unguaranteed residual value, the income allocation over the lease is revised and any reduction in respect of amounts accrued is recognised immediately.

(w) Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank if they have the ability, directly or indirectly, to control the Bank or exercises significant influence over the Bank in making financial and operating decisions, or vice versa, or if they and the Bank are subject to common control. Related parties may be individuals or other entities.

(x) Segment reporting

The Bank has prepared its separate financial statements in line with the requirements of the Bank of Mauritius Guideline on 'Segmental Reporting under a Single Banking Licence Regime' and Bank of Mauritius Guideline on 'Public Disclosure of Information' which require that segment information should be provided by Resident and Non-Resident banking businesses.

Non-Resident is essentially directed to the provision of international financial services that gives rise to foreign source income. Such services may be fund based or non-fund based.

Resident relates to Banking business other than Non-Resident business.

Expenditure incurred by the Bank but which is not directly attributable to its income derived from Mauritius or its foreign source income is apportioned in a fair and reasonable manner.

Neither these guidelines nor IFRS Accounting Standards mandate the application of IFRS 8 Operating Segments to the financial statements of the Bank. The financial statements do not purport to comply with the requirements of IFRS 8.

Notes to the Financial Statements

for the year ended 31 December 2024

1.3 Critical accounting estimates and judgements

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Accounting policies and directors' judgements for certain items are especially critical for the Bank's results and financial situation due to their materiality.

(a) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of Note 1.2 (g). The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(b) Calculation of ECL allowance

Significant increase of credit risk: As explained in note 1.2(g), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Bank takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to Note 1.2(g) for details of the characteristics considered in this judgement. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differs.

Models and assumptions used: The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

- When measuring ECL the Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical information, assumptions and expectations of future conditions.
- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Refer to Note 1.2(g) for more details.

Actual loss experience may differ from changes in estimated forward looking information and economic drivers.

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Bank makes judgements about the borrower's financial situation and the net realisable value of collaterals. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Notes to the Financial Statements

for the year ended 31 December 2024

1.3 Critical accounting estimates and judgements (Cont'd)

(c) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable market data where possible, but where observable data is not available, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives. Further details on the fair valuation of financial instruments are included in Note 2(i) to the financial statements.

(d) Retirement benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of employee benefit obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate. The actuarial report determines the appropriate discount rate at the end of each year and which is validated by the Bank. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the actuary considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for employee benefit obligations are based in part on current market conditions.

Further information on the carrying amounts of the Bank's retirement benefit obligations and the sensitivity of those amounts to changes in discount rate are provided in note 27.

(e) Leases

The application of IFRS 16 requires significant judgements and certain key estimations. Critical judgements include determination of whether it is reasonably certain that an extension or termination option will be exercised. Key sources of estimation uncertainty in the application of IFRS 16 include estimation of the lease terms, determination of the appropriate rate to discount the lease payments and assessment of whether a right-of-use asset is impaired.

(f) Provisions and other contingent liabilities

Provision is recognised in the financial statements when the Bank has met the recognition criterion. The directors measure the provision at the best estimate of the amount required to settle the obligation at the reporting date. Actual results may be different from their estimates.

In specific circumstances, significant judgment is required from directors to identify the financial effects to be disclosed attributable to the uncertainties inherent in contingent liabilities.

2 FINANCIAL RISK MANAGEMENT

(a) Strategy in using financial instruments

The Bank's business involves taking risks in a targeted manner and managing them professionally. The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Risk Management is carried out by the Risk Department under policies approved by the Board of Directors. The Risk Department identifies, evaluates and monitors financial risk in close collaboration with the operating units including Treasury.

(b) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit Risk arises mainly from commercial and consumer advances, credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, financial guarantees, letters of credit, endorsements and acceptances.

The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities, including non-equity trading portfolio assets, derivatives and settlement balances with market counterparties.

Credit risk is the single largest risk for the Bank's business. The directors carefully manage the exposure of the Bank to credit risk. The credit risk management and control are centralized in a credit risk management team, which reports to the Chief Risk Officer who in turn reports to the Chief Executive Officer.

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(i) The maximum exposure to credit risk before collateral and other credit risk enhancements are as follows:

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Balances with Banks in Mauritius, Banks abroad and inter Bank placements	**17,090,743**	10,169,278	8,191,392
Derivative assets held for risk management	**33,666**	4,580	3,116
Government of Mauritius/Bank of Mauritius securities	**5,463,509**	4,496,054	3,680,651
Other Investments	**8,230,177**	8,548,996	8,644,778
Loans and advances to customers and Banks	**23,643,099**	28,003,070	25,327,450
Others	**16,955**	17,546	21,315
Credit risk exposures relating to off balance sheet assets are as follows:			
Financial guarantees	**2,895,950**	2,967,346	2,387,488
Loans commitments and other credit related liabilities	**1,910,453**	2,795,582	1,976,757
Total	**59,284,552**	57,002,452	50,232,947

(ii) Collateral and other credit enhancements

The Bank employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Bank undertakes independent valuation of the collateral obtained as part of the loan origination process. Longer-term finance and lending to corporate entities are generally secured while revolving individual credit facilities are generally unsecured.

The principal collateral types for loans and advances are:

- Fixed and Floating charges on properties and other assets
- Privilege d'Inscription
- Lien on vehicle/equipment/machinery
- Pledge of shares/rent/proceeds of crops
- Lien on deposits
- Assignment of Life Policy/general insurance policy
- Assignment of rights of leases for leasehold properties
- Bank Guarantee/personal guarantee/Government Guarantee
- Nantissement de Parts Sociales dans le capital d'une Société
- Ownership of Machinery/Equipment/ Vehicles financed by the Bank under Finance Leasing
- Pledge of deposits from other Financial Institution/Licensed Deposit Taker
- Mortgages over residential properties
- Charges over business assets such as premises, inventory and accounts receivable; and
- Charges over financial instruments such as debt instruments and equity securities.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt instruments or other investments are generally unsecured. The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(iii) Credit impaired assets

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held to mitigate potential losses are shown below:

Credit-impaired assets	Dec-24		Dec-23		Dec-22	
	Gross Exposure	Fair Value of collateral held	Gross Exposure	Fair Value of collateral held	Gross Exposure	Fair Value of collateral held
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Loans to individuals:						
Personal Loan	61,826	25,824	48,968	1,700	54,102	36,069
Housing Loan*	99,606	224,323	44,702	148,363	57,136	174,954
Car Loan	6,111	5,045	985	22,011	1,164	4,291
Property Loan	-	-	10,460	104,345	17,058	116,622
Other	71	-	15,483	59,655	8,394	51,337
Loans to corporate entities:						
State and Local government	462,576	-	563,215	528,905	-	-
Large corporate customers	826,011	254,140	497,722	534,233	429,862	655,532
Small and Medium sized enterprises (SMEs)*	21,329	46,815	23,764	115,581	12,498	47,100
Total credit-impaired assets	1,477,530	556,147	1,205,299	1,514,793	580,214	1,085,905

* The fair value of collaterals held for housing loan and SMEs are higher than the gross exposure amount.

Concentration of risk of financial assets with credit risk exposure by Geography:

	Dec-24	Mauritius	Africa	Europe	Others
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	17,090,743	9,305,678	276,271	2,697,388	4,811,406
Derivative assets held for risk management	33,666	38	28,326	5,302	-
Loans and advances to Banks	5,795,705	-	5,795,705	-	-
Loans and advances to customers	17,847,394	17,782,631	2,613	37,247	24,903
Government of Mauritius/Bank of Mauritius securities	5,463,509	5,463,509	-	-	-
Other Investments	8,230,177	3,276	35,026	1,679,234	6,512,641
Other assets	16,955	16,955	-	-	-
Total assets	54,478,149	32,572,087	6,137,941	4,419,171	11,348,950
On balance sheet country region percentage	100%	60%	11%	8%	21%
Other regions where the bank has exposures consist of Asian countries					
Credit risk exposure relating to off balance sheet items as follows:					
Financial guarantees and other credit related liabilities	2,895,951	2,558,985	330,060	-	6,906
Off balance sheet country region percentage	100%	88%	11%	0%	0%

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

	Dec-23	Mauritius	Africa	Europe	Others
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	10,169,278	4,265,004	964,188	1,683,268	3,256,818
Derivative assets held for risk management	4,580	1,970	2,319	291	-
Loans and advances to Banks	8,873,984	-	8,873,984	-	-
Loans and advances to customers	19,129,086	16,760,920	2,060,193	136,971	171,002
Government of Mauritius/Bank of Mauritius securities	4,496,054	4,496,054	-	-	-
Other Investments	8,548,996	1,000,352	29,363	2,484,660	5,034,621
Other assets	17,546	17,546	-	-	-
Total assets	51,239,524	26,541,846	11,930,047	4,305,190	8,462,441
On balance sheet country region percentage	100%	52%	23%	8%	17%
Other regions where the bank has exposures consist of Asian countries					
Credit risk exposure relating to off balance sheet items as follows:					
Financial guarantees and other credit related liabilities	2,967,347	1,954,801	958,292	-	54,254
Off balance sheet country region percentage	100%	66%	32%	0%	2%

	Dec-22	Mauritius	Africa	Europe	Others
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	8,191,392	1,550,965	1,100,132	2,506,363	3,033,932
Derivative assets held for risk management	3,116	3,044	30	42	-
Loans and advances to Banks	5,147,185	-	5,147,185	-	-
Loans and advances to customers	20,180,265	17,479,759	2,311,938	151,913	236,655
Government of Mauritius/Bank of Mauritius securities	3,680,651	3,680,651	-	-	-
Other Investments	8,644,778	-	2,119,689	3,225,939	3,299,150
Other assets	21,315	21,315	-	-	-
Total assets	45,868,702	22,735,734	10,678,974	5,884,257	6,569,737
On balance sheet country region percentage	100%	50%	23%	13%	14%
Other regions where the bank has exposures consist of Asian countries					
Credit risk exposure relating to off balance sheet items as follows:					
Financial guarantees and other credit related liabilities	2,387,488	1,878,773	508,665	-	50
Off balance sheet country region percentage	100%	79%	21%	0%	0%

(iv) Loans and advances to banks

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
Banks outside Mauritius	5,839,020	8,917,253	5,150,285
Banks in Mauritius	-	-	-
Less ECL	(43,315)	(43,269)	(3,100)
Loans and advances to banks	5,795,705	8,873,984	5,147,185

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

	Dec-24	Dec-23	Dec-22
Remaining term to maturity	**Rs 000**	Rs 000	Rs 000
Up to 3 months	**1,543,922**	2,799,502	2,030,554
Over 3 months and up to 6 months	**1,019,717**	3,297,472	887,888
Over 6 months up to 1 year	**1,835,741**	2,375,231	1,565,927
Within 1 year to 5 years	**1,439,640**	445,048	665,916
Loans and advances to banks	**5,839,020**	8,917,253	5,150,285

For the years ended 31 December 2024, 2023, and 2022, all exposures and ECL are classified as Stage 1.

Analysis of changes in ECL on Loans and advances to banks

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Opening Balance 2024	43,269	-	-	**43,269**
Movement due to change in parameters	11,096	-	-	**11,096**
New loans originated or purchased	21,488	-	-	**21,488**
Loans repaid	(32,538)	-	-	**(32,538)**
Closing Balance 2024	**43,315**	**-**	**-**	**43,315**

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Opening Balance 2023	3,100	-	-	**3,100**
Movement due to change in parameters	4,343	-	-	**4,343**
New loans originated or purchased	37,886	-	-	**37,886**
Loans repaid	(2,060)	-	-	**(2,060)**
Closing Balance 2023	**43,269**	**-**	**-**	**43,269**

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Opening Balance 2022	2,793	-	-	**2,793**
Movement due to change in parameters	791	-	-	**791**
New loans originated or purchased	1,290	-	-	**1,290**
Loans repaid	(1,774)	-	-	**(1,774)**
Closing Balance 2022	**3,100**	**-**	**-**	**3,100**

Reconciliation of gross carrying amount

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Opening Balance 2024	8,917,253	-	-	**8,917,253**
Change in existing exposure	152,441	-	-	**152,441**
New loans originated or purchased	4,598,175	-	-	**4,598,175**
Loans repaid	(7,828,849)	-	-	**(7,828,849)**
Closing Balance 2024	**5,839,020**	**-**	**-**	**5,839,020**

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(iv) Loans and advances to banks

Reconciliation of gross carrying amount (Cont'd)

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Opening Balance 2023	5,150,285	-	-	**5,150,285**
Change in existing exposure	(1,073,584)	-	-	**(1,073,584)**
New loans originated or purchased	8,117,835	-	-	**8,117,835**
Loans repaid	(3,277,283)	-	-	**(3,277,283)**
Closing Balance 2023	**8,917,253**	**-**	**-**	**8,917,253**

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Opening Balance 2022	3,339,038	-	-	**3,339,038**
Change in existing exposure	546,754	-	-	**546,754**
New loans originated or purchased	3,312,780	-	-	**3,312,780**
Loans repaid	(2,048,287)	-	-	**(2,048,287)**
Closing Balance 2022	**5,150,285**	**-**	**-**	**5,150,285**

(v) Loans and advances to customers

	Dec-24	Dec-23	Dec-22
	Rs'000	Rs'000	Rs'000
Loans to individuals:			
Housing Loan	**7,640,282**	7,801,195	6,874,873
Car Loan	**371,799**	366,266	336,546
Other	**1,944,360**	1,869,565	841,572
Loans to corporate entities:			
State and Local government	**1,329,689**	1,319,422	1,329,860
Corporate customers	**6,917,673**	7,732,838	10,902,734
Small and Medium sized enterprises (SMEs)	**619,783**	661,209	635,800
Gross Exposure	**18,823,586**	19,750,495	20,921,385
Less ECL	**(801,813)**	(621,409)	(741,120)
Net Exposure	**18,021,773**	19,129,086	20,180,265

	Dec-24	Dec-23	Dec-22
	Rs'000	Rs'000	Rs'000
Loans to individuals:			
Housing Loan	**39,932**	25,638	51,704
Car Loan	**7,137**	3,652	4,171
Other	**74,391**	72,130	92,789
Loans to corporate entities:			
State and Local government	**89,895**	70,909	53,543
Corporate customers	**586,545**	443,396	526,686
Small and Medium sized enterprises (SMEs)	**3,913**	5,684	12,227
ECL	**801,813**	621,409	741,120

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

	Dec-24	Dec-23	Dec-22
Remaining term to maturity	**Rs 000**	Rs 000	Rs 000
Up to 3 months	**2,167,062**	2,559,556	2,675,544
Over 3 months and up to 6 months	**390,470**	229,073	634,106
Over 6 months up to 1 year	**1,022,075**	1,051,987	830,826
Within 1 year to 5 years	**4,660,962**	4,306,216	6,095,471
Above 5 years	**10,583,017**	11,603,663	10,685,438
Loans and advances to customers	**18,823,586**	19,750,495	20,921,385

Analysis of changes in ECL on Loans and advances to customers

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2024	49,673	6,393	565,343	**621,409**
Transfer to stage 1	4,319	(1,058)	(3,261)	-
Transfer to stage 2	(1,088)	1,097	(9)	-
Transfer to stage 3	(53)	(475)	528	-
Movement due to change in model parameters	(12,717)	1,710	66,275	**55,268**
New loans originated or purchased	9,292	688	179,677	**189,657**
Loans repaid	(9,981)	(2,073)	(47,241)	**(59,295)**
Write offs	-	-	(5,226)	**(5,226)**
Balance as at 31 December 2024	**39,445**	**6,282**	**756,086**	**801,813**

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2023	160,788	61,389	518,943	**741,120**
Transfer to stage 1	7,940	(1,214)	(6,726)	-
Transfer to stage 2	(497)	498	(1)	-
Transfer to stage 3	(50)	(53,238)	53,288	-
Movement due to change in model parameters	(99,686)	(1,012)	51,123	**(49,575)**
New loans originated or purchased	10,475	93	7,832	**18,400**
Loans repaid	(29,296)	(124)	(32,272)	**(61,692)**
Write offs	-	-	(26,844)	**(26,844)**
Balance as at 31 December 2023	**49,674**	**6,392**	**565,343**	**621,409**

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(v) Loans and advances to customers (Cont'd)

Analysis of changes in ECL on Loans and advances to customers (cont'd)

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2022	255,994	21,178	583,243	**860,415**
Transfer to stage 1	6,059	(3,347)	(2,712)	-
Transfer to stage 2	(1,505)	1,505	-	-
Transfer to stage 3	(282)	(1,031)	1,313	-
Movement due to change in model parameters	(48,314)	3,706	85,333	**40,725**
New loans originated or purchased	62,624	43,901	2,594	**109,119**
Loans repaid	(113,789)	(4,523)	(2,264)	**(120,576)**
Write offs	-	-	(148,563)	**(148,563)**
Balance as at 31 December 2022	**160,787**	**61,389**	**518,944**	**741,120**

Reconciliation of gross carrying amount

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2024	18,369,218	175,978	1,205,299	**19,750,495**
Transfer to stage 1	97,068	(88,021)	(9,047)	-
Transfer to stage 2	(299,536)	301,290	(1,754)	-
Transfer to stage 3	(28,956)	(46,888)	75,844	-
Change in existing exposure	(860,377)	(94,435)	(89,590)	**(1,044,402)**
New loans originated or purchased	3,516,924	21,318	362,200	**3,900,442**
Derecognition and repayments (excluding write-offs)	(3,874,739)	157,214	(60,197)	**(3,777,722)**
Write-offs	-	-	(5,227)	**(5,227)**
Balance as at 31 December 2024	**16,919,602**	**426,456**	**1,477,528**	**18,823,586**

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(v) Loans and advances to customers (Cont'd)

Reconciliation of gross carrying amount (Cont'd)

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2023	19,350,317	990,854	580,214	**20,921,385**
Transfer to stage 1	79,546	(59,968)	(19,578)	**-**
Transfer to stage 2	(133,476)	134,376	(900)	**-**
Transfer to stage 3	(15,097)	(666,221)	681,318	**-**
Change in existing exposure	1,110	(222,228)	17,542	**(203,576)**
New loans originated or purchased	4,211,057	8,743	8,747	**4,228,547**
Derecognisation and repayments (excluding write-offs)	(5,124,238)	(9,576)	(35,200)	**(5,169,014)**
Write-offs	-	-	(26,847)	**(26,847)**
Balance as at 31 December 2023	**18,369,219**	**175,980**	**1,205,296**	**19,750,495**

	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2022	17,214,972	419,461	700,531	**18,334,964**
Transfer to stage 1	32,869	(25,154)	(7,715)	**-**
Transfer to stage 2	(198,251)	198,251	-	**-**
Transfer to stage 3	(39,221)	(22,949)	62,170	**-**
Change in existing exposure	(936,281)	(23,057)	4,202	**(955,136)**
New loans originated or purchased	8,218,298	530,870	2,579	**8,751,747**
Derecognisation and repayments (excluding write-offs)	(4,942,069)	(86,568)	(32,990)	**(5,061,627)**
Write-offs	-	-	(148,563)	**(148,563)**
Balance as at 31 December 2022	**19,350,317**	**990,854**	**580,214**	**20,921,385**

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(v) Loans and advances to customers (Cont'd)

Allowance for impairment by industry sectors

December 2024	Gross Exposure			ECL			
	Performing	Non-Performing	Total	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	375,114	-	**375,114**	220	-	-	**220**
Construction	1,345,839	128,710	**1,474,549**	4,619	1,040	38,547	**44,206**
Education	19,032	-	**19,032**	31	-	-	**31**
Financial and Business Services	1,143,906	363,219	**1,507,125**	6,917	229	180,696	**187,842**
Global Business license holders	226,358	-	**226,358**	964	-	-	**964**
Information Communication and Technology	5,838	-	**5,838**	10	-	-	**10**
Manufacturing	39,869	-	**39,869**	62	-	-	**62**
Media, Entertainment and Recreational Activities	27,205	-	**27,205**	32	-	-	**32**
Other	187,078	72	**187,150**	287	84	-	**371**
Personal (Including Housing)	9,267,824	162,926	**9,430,750**	13,083	3,433	97,586	**114,102**
Professional	11,276	-	**11,276**	21	21	-	**42**
Public Non financial Corporations	381,580	-	**381,580**	932	-	-	**932**
State & Local Government	867,113	462,576	**1,329,689**	578	-	89,317	**89,895**
Tourism	691,357	9,350	**700,707**	2,682	1,349	1,223	**5,254**
Traders	2,337,001	112,702	**2,449,703**	8,418	86	111,487	**119,991**
Transport	419,666	237,975	**657,641**	589	40	237,230	**237,859**
Total	**17,346,056**	**1,477,530**	**18,823,586**	**39,445**	**6,282**	**756,086**	**801,813**

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(v) Loans and advances to customers (Cont'd)

Allowance for impairment by industry sectors

December 2024	Gross Exposure			ECL			
Resident	Performing	Non-Performing	Total	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	374,852	-	**374,852**	220	-	-	**220**
Construction	1,332,136	128,710	**1,460,846**	4,594	1,040	38,547	**44,181**
Education	19,032	-	**19,032**	31	-	-	**31**
Financial and Business Services	944,366	1,017	**945,383**	6,794	-	1,019	**7,813**
Information Communication and Technology	5,838	-	**5,838**	10	-	-	**10**
Manufacturing	39,869	-	**39,869**	62	-	-	**62**
Media, Entertainment and Recreational Activities	27,205	-	**27,205**	32	-	-	**32**
Other	103,639	71	**103,710**	162	36	-	**198**
Personal (Including Housing)	9,064,456	161,236	**9,225,692**	12,894	3,247	95,897	**112,038**
Professional	11,276	-	**11,276**	21	21	-	**42**
Public Non financial Corporations	381,580	-	**381,580**	932	-	-	**932**
Tourism	691,357	9,350	**700,707**	2,682	1,349	1,223	**5,254**
Traders	2,294,060	112,702	**2,406,762**	8,317	86	111,487	**119,890**
Transport	418,502	237,975	**656,477**	588	35	237,229	**237,852**
Resident	**15,708,168**	**651,061**	**16,359,229**	**37,339**	**5,814**	**485,402**	**528,555**

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(v) Loans and advances to customers (Cont'd)

December 2024	Gross Exposure			ECL			
Non-resident	Performing	Non-Performing	Total	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	263	-	**263**	-	-	-	**-**
Construction	13,704	-	**13,704**	25	-	-	**25**
Financial and Business Services	199,540	362,200	**561,740**	123	229	179,677	**180,029**
Global Business license holders	226,359	-	**226,359**	964	-	-	**964**
Other	83,439	-	**83,439**	124	47	-	**171**
Personal (Including Housing)	203,368	1,689	**205,057**	189	186	1,689	**2,064**
State & Local Government	867,113	462,576	**1,329,689**	578	-	89,317	**89,895**
Traders	42,942	-	**42,942**	102	-	-	**102**
Transport	1,164	-	**1,164**	1	7	-	**8**
Non-Resident	**1,637,892**	**826,465**	**2,464,357**	**2,106**	**469**	**270,683**	**273,258**

December 2023	Gross Exposure			ECL			
	Performing	Non-Performing	Total	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	29,942	-	**29,942**	84	-	-	**84**
Construction	1,658,209	139,969	**1,798,178**	3,921	1,147	38,517	**43,585**
Education	26,923	-	**26,923**	34	-	-	**34**
Financial and Business Services	1,713,538	854	**1,714,392**	4,961	-	854	**5,815**
Information Communication and Technology	3,560	-	**3,560**	5	-	-	**5**
Manufacturing	47,856	-	**47,856**	98	37	-	**135**
Media, Entertainment and Recreational Activities	35,481	-	**35,481**	69	-	-	**69**
Other	146,183	95	**146,278**	1,383	-	-	**1,383**
Personal (Including Housing)	9,477,341	122,459	**9,599,800**	23,013	4,026	78,688	**105,727**
Professional	12,478	-	**12,478**	26	9	-	**35**
Public Non financial Corporations	359,164	-	**359,164**	132	-	-	**132**
Tourism	1,091,742	855	**1,092,597**	2,143	932	855	**3,930**
Traders	2,293,747	111,938	**2,405,685**	6,612	174	111,223	**118,009**
Transport	428,874	265,916	**694,790**	1,916	67	265,006	**266,989**
Resident	**18,545,194**	**1,205,301**	**19,750,495**	**49,674**	**6,392**	**565,343**	**621,409**

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(v) Loans and advances to customers (Cont'd)

December 2023	Gross Exposure			ECL			
Resident	Performing	Non-Performing	Total	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	29,942	–	**29,942**	84	–	–	**84**
Construction	1,609,616	139,969	**1,749,585**	3,777	1,147	38,517	**43,441**
Education	26,923	–	**26,923**	34	–	–	**34**
Financial and Business Services	771,933	854	**772,787**	2,175	–	854	**3,029**
Information Communication and Technology	3,560	–	**3,560**	5	–	–	**5**
Manufacturing	47,856	–	**47,856**	98	37	–	**135**
Media, Entertainment and Recreational Activities	35,481	–	**35,481**	59	–	–	**59**
Other	107,341	95	**107,436**	1,269	–	–	**1,269**
Personal (Including Housing)	9,336,730	120,614	**9,457,344**	22,592	4,026	78,608	**105,226**
Professional	12,478	–	**12,478**	26	9	–	**35**
Public Non financial Corporations	359,164	–	**359,164**	132	–	–	**132**
Tourism	1,091,742	855	**1,092,597**	2,143	932	855	**3,930**
Traders	2,188,313	111,938	**2,300,251**	6,300	174	111,223	**117,697**
Transport	426,641	7,802	**434,443**	1,154	69	6,893	**8,116**
Resident	**16,047,720**	**382,127**	**16,429,847**	**39,848**	**6,394**	**236,950**	**283,192**

December 2023	Gross Exposure			ECL			
Non-resident	Performing	Non-Performing	Total	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	48,593	–	**48,593**	144	–	–	**144**
Construction	–	–	**–**	–	–	–	**–**
Financial and Business Services	941,605	–	**941,605**	2,786	–	–	**2,786**
Global Business license holders	456,855	–	**456,855**	1,352	–	–	**1,352**
Other	38,842	–	**38,842**	114	–	–	**114**
Personal (Including Housing)	140,611	1,845	**142,456**	421	–	80	**501**
State & Local Government	763,301	563,215	**1,326,516**	3,925	–	70,200	**74,125**
Traders	105,434	–	**105,434**	312	–	–	**312**
Transport	2,233	258,113	**260,346**	770	–	258,113	**258,883**
Non-Resident	**2,497,474**	**823,173**	**3,320,647**	**9,824**	**–**	**328,393**	**338,217**

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(v) Loans and advances to customers (Cont'd)

December 2022	Gross Exposure			ECL			
	Performing	Non-Performing	Total	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	256,326	–	**256,326**	2,398	5	–	**2,403**
Construction	1,813,353	53,844	**1,867,197**	4,782	13,045	53,629	**71,456**
Education	28,363	43	**28,406**	74	5	–	**79**
Financial and Business Services	1,988,991	715	**1,989,706**	13,642	10,729	715	**25,086**
Freeport Certificate Holders	–	–	**–**	–	–	–	**–**
Global Business license holders	1,054,997	–	**1,054,997**	4,757	11,346	–	**16,103**
Information Communication and Technology	4,211	3,027	**7,238**	13	–	3,027	**3,040**
Manufacturing	312,894	1,700	**314,594**	4,502	8	789	**5,299**
Media, Entertainment and Recreational Activities	43,116	–	**43,116**	473	–	–	**473**
Other	115,267	163	**115,430**	4,155	21,486	3	**25,644**
Personal (Including Housing)	8,467,557	138,769	**8,606,326**	79,566	2,331	83,815	**165,712**
Professional	11,163	–	**11,163**	12	93	–	**105**
Public Non financial Corporations	397,866	–	**397,866**	343	–	–	**343**
State & Local Government	1,355,644	–	**1,355,644**	–	–	–	**–**
Tourism	1,383,331	716	**1,384,047**	11,121	1,852	716	**13,689**
Traders	2,697,916	119,054	**2,816,970**	27,502	137	116,372	**144,011**
Transport	410,175	262,184	**672,359**	7,450	351	259,876	**267,677**
Resident	**20,341,170**	**580,215**	**20,921,385**	**160,790**	**61,388**	**518,942**	**741,120**

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for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(v) Loans and advances to customers (Cont'd)

December 2022	Gross Exposure			ECL			
Resident	Performing	Non-Performing	Total	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	256,326	-	**256,326**	2,398	5	-	**2,403**
Construction	1,758,017	53,844	**1,811,861**	3,937	13,045	53,629	**70,611**
Education	28,363	43	**28,406**	74	5	-	**79**
Financial and Business Services	1,017,582	715	**1,018,297**	9,544	-	715	**10,259**
Freeport Certificate Holders	-	-	**-**	-	-	-	**-**
Global Business license holders	-	-	**-**	-	-	-	**-**
Information Communication and Technology	4,211	3,027	**7,238**	13	-	3,027	**3,040**
Manufacturing	47,819	1,700	**49,519**	456	8	789	**1,253**
Media, Entertainment and Recreational Activities	43,116	-	**43,116**	473	-	-	**473**
Other	63,242	163	**63,405**	4,155	-	3	**4,158**
Personal (Including Housing)	8,277,573	135,304	**8,412,877**	77,453	1,491	83,785	**162,729**
Professional	11,163	-	**11,163**	12	93	-	**105**
Public Non financial Corporations	397,866	-	**397,866**	343	-	-	**343**
State & Local Government	-	-	**-**	-	-	-	**-**
Tourism	1,383,331	716	**1,384,047**	11,121	1,852	716	**13,689**
Traders	2,488,928	118,361	**2,607,289**	24,301	137	115,679	**140,117**
Transport	407,722	10,190	**417,912**	3,566	351	7,884	**11,801**
Resident	**16,185,259**	**324,063**	**16,509,322**	**137,846**	**16,987**	**266,227**	**421,060**

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(v) Loans and advances to customers (Cont'd)

December 2022	Gross Exposure			ECL			
Non-resident	Performing	Non-Performing	Total	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture & Fishing	-	-	**-**	-	-	-	**-**
Construction	55,336	-	**55,336**	845	-	-	**845**
Financial and Business Services	971,409	-	**971,409**	4,098	10,729	-	**14,827**
Global Business license holders	1,054,997	-	**1,054,997**	4,757	11,346	-	**16,103**
Manufacturing	265,075	-	**265,075**	4,046	-	-	**4,046**
Other	52,025	-	**52,025**	-	21,486	-	**21,486**
Personal (Including Housing)	189,984	3,465	**193,449**	2,112	841	30	**2,983**
State & Local Government	1,355,644	-	**1,355,644**	-		-	**-**
Traders	208,988	693	**209,681**	3,201	-	693	**3,894**
Transport	2,453	251,994	**254,447**	3,884	-	251,992	**255,876**
Non-Resident	**4,155,911**	**256,152**	**4,412,063**	**22,943**	**44,402**	**252,715**	**320,060**

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(vi) Investment securities

	Dec-24 Rs'000	Dec-23 Rs'000	Dec-22 Rs'000
Financial assets held at fair value through other comprehensive income (FVTOCI)	4,180,399	2,427,459	1,402,873
Financial assets held at amortised cost	9,523,131	10,625,229	10,937,676
Gross Exposure	**13,703,530**	**13,052,688**	**12,340,549**
Less ECL	(16,221)	(10,998)	(19,633)
Net Exposure	**13,687,309**	**13,041,690**	**12,320,916**

	Dec-24 Rs'000	Dec-23 Rs'000	Dec-22 Rs'000
Treasury bills	843,934	499,769	-
Bank of Mauritius bills	980,074	475,664	-
Treasury bonds	1,251,100	1,024,757	986,409
Bank of Mauritius bonds	99,781	97,048	93,363
Treasury notes	964,455	298,199	287,045
Others	41,055	32,022	36,056
Financial assets held at fair value through other comprehensive income (FVTOCI)	**4,180,399**	**2,427,459**	**1,402,873**
Less ECL	(6,377)	(3,360)	(4,512)
Financial assets held at fair value through other comprehensive income (net of ECL)	**4,174,022**	**2,424,099**	**1,398,361**

Resident	Dec-24 Rs'000	Dec-23 Rs'000	Dec-22 Rs'000
Treasury bills	843,933	499,768	-
Bank of Mauritius bills	980,074	475,664	-
Treasury bonds	1,251,100	1,024,757	986,409
Bank of Mauritius bonds	99,781	97,048	93,363
Treasury notes	964,455	298,199	287,045
Others	3,276	3,276	3,801
Financial assets held at fair value through other comprehensive income (FVTOCI)	**4,142,619**	**2,398,712**	**1,370,618**
Less ECL	(5,257)	(2,706)	(4,485)
Financial assets held at fair value through other comprehensive income (net of ECL)	**4,137,362**	**2,396,006**	**1,366,133**

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(vi) Investment securities (Cont'd)

Non-Resident	Dec-24 Rs'000	Dec-23 Rs'000	Dec-22 Rs'000
Others	**37,780**	28,747	32,255
Less ECL	**(1,120)**	(654)	(27)
Financial assets held at fair value through other comprehensive income (net of ECL)	**36,660**	28,093	32,228

	Dec-24 Rs'000	Dec-23 Rs'000	Dec-22 Rs'000
Treasury bills	**-**	-	-
Bank of Mauritius bills	**-**	-	-
Treasury bonds	**3,267,568**	6,352,522	3,517,022
Corporate/Bank placements	**5,851,475**	3,483,749	6,427,814
Bank of Mauritius bonds	**404,088**	405,349	406,403
Treasury notes	**-**	181,038	180,923
Bank of Mauritius notes	**-**	202,571	405,514
Financial assets held at amortised cost	**9,523,131**	10,625,229	10,937,676
Less ECL	**(9,844)**	(7,638)	(15,121)
Financial assets held at amortised cost (net of ECL)	**9,513,287**	10,617,591	10,922,555

Resident	Dec-24 Rs'000	Dec-23 Rs'000	Dec-22 Rs'000
Treasury bills	**-**	-	-
Bank of Mauritius bills	**-**	-	-
Treasury bonds	**921,702**	1,315,357	1,328,332
Corporate/Bank placements	**-**	1,000,494	-
Bank of Mauritius bonds	**404,088**	405,349	406,403
Treasury notes	**-**	181,038	180,923
Bank of Mauritius notes	**-**	202,571	405,514
Financial assets held at amortised cost	**1,325,790**	3,104,809	2,321,172
Less ECL	**(1,625)**	(3,840)	(7,338)
Financial assets held at amortised cost (net of ECL)	**1,324,165**	3,100,969	2,313,834

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(vi) Investment securities (Cont'd)

	Dec-24 Rs'000	Dec-23 Rs'000	Dec-22 Rs'000
Non-Resident			
Treasury bills	-	-	-
Bank of Mauritius bills	-	-	-
Treasury bonds	2,345,866	5,037,165	2,188,690
Corporate/Bank placements	5,851,475	2,483,255	6,427,814
Bank of Mauritius bonds	-	-	-
Treasury notes	-	-	-
Bank of Mauritius notes	-	-	-
Financial assets held at amortised cost	8,197,341	7,520,420	8,616,504
Less ECL	(8,219)	(3,798)	(7,783)
Financial assets held at amortised cost (net of ECL)	8,189,122	7,516,622	8,608,721

(vii) Off-balance sheet items

	Dec-24 Rs'000	Dec-23 Rs'000	Dec-22 Rs'000
Financial guarantees	1,588,179	1,952,352	1,517,968
Loans commitments and other credit related liabilities	1,307,771	1,014,995	869,520
Gross Exposure	2,895,950	2,967,347	2,387,488
Less ECL	(5,454)	(5,079)	(15,564)
Net Exposure	2,890,496	2,962,268	2,371,924

The table below represents an analysis of trading assets and investments securities at 31 December 2024 and comparatives for December 2023 and 2022. Since the Bank does not have any internal rating tool, the ratings (where applicable) are based on assessment effected by Standard & Poor's agency at end of each financial year.

	Dec-24 Rs 000	Restated Dec-23 Rs 000	Restated Dec-22 Rs 000
Cash and cash equivalents			
AAA to AA	-	12,347	780
AA- to A	6,324,410	4,723,054	4,485,022
BBB+ to BB	8,870,664	4,014,033	2,887,880
UNRATED	1,895,669	1,419,844	817,710
Total	17,090,743	10,169,278	8,191,392

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

	Dec-24 Rs 000	Restated Dec-23 Rs 000	Restated Dec-22 Rs 000
Derivatives Assets			
AA- to A	56	291	42
BBB+	262	383	-
UNRATED	33,348	3,906	3,074
Total	33,666	4,580	3,116
Government of Mauritius/Bank of Mauritius securities			
BBB-	5,463,509	4,496,054	3,680,651
Investments securities			
AA+			-
AAA to A+	8,189,122	7,516,622	5,410,800
B+ to BBB-	-	1,000,353	3,044,262
UNRATED	41,055	32,021	189,716
Total	8,230,177	8,548,996	8,644,778
Loans and advances to Banks			
AAA to A-	-	221,445	1,109,304
BBB+ to B	3,084,215	4,189,325	2,396,638
CCC	470,215	2,096,685	-
UNRATED	2,241,275	2,366,529	1,641,243
Total	5,795,705	8,873,984	5,147,185
Loans and advances to customers			
AAA to A-	-	1,252,645	1,340,881
UNRATED	17,847,394	17,876,441	18,839,384
Total	17,847,394	19,129,086	20,180,265
Other Assets			
UNRATED	16,955	17,546	21,316
Total	16,955	17,546	21,316
Off balance sheet ratings			
UNRATED	2,895,951	2,967,346	2,387,488
Total	2,895,951	2,967,346	2,387,488

Notes to the Financial Statements

for the year ended 31 December 2024

2 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Capital Structure

The Bank's objectives when managing capital are:

i) to comply with the capital requirements set by the Bank of Mauritius,

ii) to safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and

iii) to maintain a strong capital base to support the development of its business.

Details of Tier 1 capital, Tier 2 capital, total Risk Weighted Assets and capital adequacy ratio are given below:

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
Tier 1 Capital	3,664,425	3,759,784	3,302,260
Tier 2 Capital	1,156,384	1,210,021	1,494,027
Total Capital Base	4,820,809	4,969,805	4,796,287
Total Risk Weighted Assets	27,814,326	29,501,825	27,703,125
Capital Adequacy Ratio	17.33%	16.85%	17.31%

The minimum statutory capital adequacy ratio is fixed at 12.50%.

Details presented in capital management section on page 77.

(d) Market risk

The Bank is exposed to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risk arising from trading and non trading activities are concentrated in Bank Treasury and Market risk teams. Regular reports are submitted to the Management and the Board of Directors.

The Board of Directors approves the risk strategy, risk policies and prudential limits within which the operations are to be carried out.

Implementation of the policies and business strategies are delegated to Management and the Risk Management Unit.

(e) Currency risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra day positions, which are monitored daily. The table below summarises the Bank's exposure to foreign exchange risk as at 31 December 2024. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency.

At 31 December 2024	USD	EURO	GBP	OTHERS	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	10,748,330	2,025,405	1,153,461	760,996	14,688,192
Derivative assets held for risk management	21,770	-	363	11,533	33,666
Loans and advances to Banks	4,596,850	1,198,855	-	-	5,795,705
Loans and advances to customers	1,750,968	3,359,756	-	-	5,110,724
Investment Securities	8,189,122	2,753	-	35,026	8,226,901
Other assets	2,007	1,308	26	(3)	3,338
Total assets	25,309,047	6,588,077	1,153,850	807,552	33,858,526

Notes to the Financial Statements

for the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Currency risk (Cont'd)

At 31 December 2024 (Cont'd)	USD	EURO	GBP	OTHERS	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
LIABILITIES					
Deposits	24,991,058	5,187,361	1,181,783	460,871	31,821,073
Derivative liabilities held for risk management	12,305	-	414	6,262	18,981
Other borrowed funds	1,225,829	171,206	-	-	1,397,035
Subordinated liabilities	-	227,676	-	-	227,676
Other liabilities	165,424	32,879	4,238	-	202,541
Total liabilities	26,394,616	5,619,122	1,186,435	467,133	33,667,306
Net on balance sheet position	(1,085,569)	968,955	(32,585)	340,419	191,220
Credit commitments undrawn	239,162	706,468	-	-	945,630

Other currencies consist of AED, AUD, CHF, CNY, SGD and ZAR.

The effect of a reasonably possible movement of the currency rates, to which the Bank had significant exposures as at 31 December 2024, against the MUR, with all other variables held constant, on the profit or loss is as follows:

	Increase/(decrease) in profit or loss		
	USD	EURO	GBP
	Rs 000	Rs 000	Rs 000
+5% in currency rate	(54,278)	48,448	(1,629)
-5% in currency rate	54,278	(48,448)	1,629

At 31 December 2023	USD	EURO	GBP	OTHERS	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	6,107,550	404,119	277,005	921,776	7,710,450
Derivative assets held for risk management	4	2,300	444	1,814	4,562
Loans and advances to Banks	7,063,850	1,808,186	-	-	8,872,036
Loans and advances to customers	2,051,191	3,633,147	-	-	5,684,338
Investment Securities	5,034,621	2,660	-	-	5,037,281
Other assets	180,704	77,062	12,495	-	270,261
Total assets	20,437,920	5,927,474	289,944	923,590	27,578,928
LIABILITIES					
Deposits	22,486,262	4,885,683	682,903	113,900	28,168,748
Derivative liabilities held for risk management	-	3,608	135	1,827	5,570
Other borrowed funds	-	318,510	-	-	318,510
Subordinated liabilities	1,288,622	-	-	-	1,288,622
Other liabilities	7,071	1,309	4,530	2,542	15,452
Total liabilities	23,781,955	5,209,110	687,568	118,269	29,796,902
Net on balance sheet position	(3,344,035)	718,364	(397,624)	805,321	(2,217,974)
Credit commitments undrawn	674,657	499,434	-	-	1,174,091

Notes to the Financial Statements

for the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Currency risk (Cont'd)

Other currencies consist of AED, AUD, CHF, CNY, SGD and ZAR.

The effect of a reasonably possible movement of the currency rates, to which the Bank had significant exposures as at 31 December 2023, against the MUR, with all other variables held constant, on the profit or loss is as follows:

	Increase/(decrease) in profit or loss		
	USD	EURO	GBP
	Rs 000	Rs 000	Rs 000
+5% in currency rate	(167,069)	35,445	(19,881)
-5% in currency rate	167,069	(35,445)	19,881

At 31 December 2022	USD	EURO	GBP	OTHERS	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	6,024,006	285,313	139,040	283,692	6,732,051
Derivative assets held for risk management	4	3,086	-	12	3,102
Loans and advances to Banks	4,393,096	299,219	-	454,870	5,147,185
Loans and advances to customers	2,519,646	4,075,439	550	-	6,595,635
Investment Securities	7,983,571	625,149	-	-	8,608,720
Other assets	137,375	33,329	7,651	566	178,921
	21,057,698	5,321,535	147,241	739,140	27,265,614
LIABILITIES					
Deposits	20,262,695	3,227,114	655,984	221,800	24,367,593
Derivative liabilities held for risk management	14	14,030	-	12,395	26,439
Other borrowed funds	1,597,044	-	-	-	1,597,044
Subordinated liabilities	-	394,999	-	-	394,999
Other liabilities	390,645	28,585	4,720	2,704	426,654
Total liabilities	22,250,398	3,664,728	660,704	236,899	26,812,729
Net on balance sheet position	(1,192,700)	1,656,807	(513,463)	502,241	452,885
Credit commitments undrawn	502,459	16,461	-	-	518,920

Other currencies consist of AED, AUD, CHF, CNY, SGD and ZAR.

The effect of a reasonably possible movement of the currency rates, to which the Bank had significant exposures as at 31 December 2022, against the MUR, with all other variables held constant, on the profit or loss is as follows:

	Increase/(decrease) in profit or loss		
	USD	EURO	GBP
	Rs 000	Rs 000	Rs 000
+5% in currency rate	(59,635)	82,960	(25,673)
-5% in currency rate	59,635	(82,960)	25,673

Notes to the Financial Statements

for the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise.

The table below summarises the Bank's non-trading book fair value exposure to interest rate risks. It includes the Bank's financial instruments at carrying value categorised by the earlier of contractual maturity and date of repricing.

Interest Sensitivity of Assets and Liabilities- Repricing Gap Analysis

At 31 December 2024	Up to 1 mth	1-3 mths	3-6 mths	6-12 mths	1-3 Yrs	> 3 Yrs	Non Interest Bearing Rs 000	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS								
Cash and cash equivalents	10,413,918	-	-	-	-	-	6,676,825	**17,090,743**
Derivative assets held for risk management	-	-	-	-	-	-	33,666	**33,666**
Loans and advances to Banks	117,690	1,554,187	2,007,336	710,594	355,297	1,050,601	-	**5,795,705**
Loans and advances to customers	15,662,596	196,379	260,134	134,545	102,238	803,086	688,416	**17,847,394**
Investment securities	451,292	1,237,375	4,488,368	2,441,857	2,816,277	2,258,517	-	**13,693,686**
Other assets	-				-	-	16,955	**16,955**
Total Assets	**26,645,496**	**2,987,941**	**6,755,838**	**3,286,996**	**3,273,812**	**4,112,204**	**7,415,862**	**54,478,149**
LIABILITIES								
Deposits	31,501,147	8,446,187	3,430,915	2,726,117	1,195,654	561,800	-	**47,861,820**
Derivative liabilities held for risk management	-	-	-	-	-	-	18,981	**18,981**
Other borrowed funds	595,125	400,321	48,146	-	-	363,043	-	**1,406,635**
Subordinated liabilities	-	-	-	-	386,893	595,245	-	**982,138**
Lease liabilities	1,371	2,769	4,219	9,004	36,208	27,178	-	**80,749**
Other liabilities	-	-	-	-	-	-	374,356	**374,356**
Total liabilities	**32,097,643**	**8,849,277**	**3,483,280**	**2,735,121**	**1,618,755**	**1,547,266**	**393,337**	**50,724,679**
Interest rate sensitivity gap	**(5,452,147)**	**(5,861,336)**	**3,272,558**	**551,875**	**1,655,057**	**2,564,938**	**7,022,525**	**3,753,470**

The impact on earnings of a 100bps movement in Rs and USD interest rates will amount to Rs 28.06m and USD 1.30m respectively.

Notes to the Financial Statements

for the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Interest rate risk (Cont'd)

Interest Sensitivity of Assets and Liabilities- Repricing Gap Analysis (cont'd)

At 31 December 2023

	Up to 1 mth	1-3 mths	3-6 mths	6-12 mths	1-3 Yrs	> 3 Yrs	Non Interest Bearing	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS								
Cash and cash equivalents	8,139,734	-	-	-	-	-	2,029,544	10,169,278
Derivative assets held for risk management	-	-	-	-	-	-	4,580	4,580
Loans and advances to Banks	8,873,984	-	-	-	-	-	-	8,873,984
Loans and advances to customers	12,577,512	3,162,613	73,631	403,917	1,145,364	470,829	1,295,220	19,129,086
Investment securities	2,427,459	4,303,684	991,069	782,417	4,540,421	-		13,045,050
Other assets	-	-	-	-	-	-	17,544	17,544
Total Assets	32,018,689	7,466,297	1,064,700	1,186,334	5,685,785	470,829	3,346,888	51,239,522
LIABILITIES								
Deposits	3,140,222	32,426,090	3,101,220	4,143,953	1,495,566	364,168	176,063	44,847,282
Derivative liabilities held for risk management	-	-	-	-	-	-	39,434	39,434
Other borrowed funds	371,339	-	-	364,633	563,957		-	1,299,929
Subordinated liabilities	199,143	-	-	-	-	913,754	-	1,112,897
Other liabilities	-	-	-	-	-	-	236,793	236,793
Total liabilities	3,710,704	32,426,090	3,101,220	4,508,586	2,059,523	1,277,922	452,290	47,536,335
Interest rate sensitivity gap	28,307,985	(24,959,793)	(2,036,520)	(3,322,252)	3,626,262	(807,093)	2,894,598	3,703,187

The impact on earnings of a 100bps movement in Rs and USD interest rates will amount to Rs 3.05m and USD 1.32m respectively.

Notes to the Financial Statements

for the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Interest rate risk (Cont'd)

Interest Sensitivity of Assets and Liabilities- Repricing Gap Analysis (cont'd)

At 31 December 2022

	Up to 1 mth	1-3 mths	3-6 mths	6-12 mths	1-3 Yrs	> 3 Yrs	Non Interest Bearing	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS								
Cash and cash equivalents	6,640,427	-	-	-	-	-	1,550,965	8,191,392
Derivative assets held for risk management	-	-	-	-	-	-	3,116	3,116
Loans and advances to Banks	-	5,147,185	-	-	-	-	-	5,147,185
Loans and advances to customers	1,111,874	15,557,886	486,537	108,341	1,411,524	923,887	580,216	20,180,265
Investment securities	-	2,313,032	1,170,669	1,174,262	6,264,592	-	1,402,874	12,325,429
Other assets	-	-	-	-	-	-	21,316	21,316
Total Assets	7,752,301	23,018,103	1,657,206	1,282,603	7,676,116	923,887	3,558,487	45,868,703
LIABILITIES								
Deposits	2,741,483	25,564,131	2,856,198	4,296,703	1,092,793	415,475	1,275,471	38,242,254
Derivative liabilities held for risk management	-	-	-	-	-	-	26,439	26,439
Other borrowed funds	1,414,503	-	-	-	732,257	785,904	-	2,932,664
Subordinated liabilities	299,036	-	-	-	-	990,243	-	1,289,279
Other liabilities	-	-	-	-	-	-	272,655	272,655
Total liabilities	4,455,022	25,564,131	2,856,198	4,296,703	1,825,050	2,191,622	1,574,565	42,763,291
Interest rate sensitivity gap	3,297,279	(2,546,028)	(1,198,992)	(3,014,100)	5,851,066	(1,267,735)	1,983,922	3,105,412

The impact on earnings of a 100bps movement in Rs and USD interest rates will amount to Rs 0.5m and USD 0.9m respectively.

Notes to the Financial Statements

for the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments. The Bank's liquidity management process is carried out by the Bank Treasury team. The Bank uses the maturity gap report for measurement and management of liquidity risk. The maturity gap report slots the inflows and outflows in different maturity buckets as defined by the Bank of Mauritius, according to the expected timing of cash flows.

Maturities of Assets and Liabilities

At 31 December 2024	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 Years	> 3 Years	Non Maturity Items	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS								
Cash and cash equivalents	17,103,607	-	-	-	-	-	(12,864)	17,090,743
Derivative assets held for risk management	639	23,561	-	-	9,466	-	-	33,666
Loans and advances to Banks	125,371	1,672,658	2,138,363	762,604	1,528,791	-	-	6,227,787
Loans and advances to customers	1,107,422	198,971	413,832	117,783	1,693,489	18,263,826	863,155	22,658,478
Investment securities	451,292	1,237,375	4,488,368	2,441,857	2,816,277	2,217,462	41,055	13,693,686
Other assets	-	-	-	-	-	-	16,955	16,955
Total Assets	18,788,331	3,132,565	7,040,563	3,322,244	6,048,023	20,481,288	908,301	59,721,315
LIABILITIES								
Deposits	28,697,019	1,429,499	5,020,387	12,148,626	3,205,663	1,081,446	135,890	51,718,530
Derivative liabilities held for risk management	558	18,423	-	-	-	-	-	18,981
Other borrowed funds	595,125	400,321	48,146	-	-	363,043	-	1,406,635
Subordinated liabilities	-	-	-	-	386,893	595,245	-	982,138
Other liabilities	-	-	-	-	-	-	374,356	374,356
Lease liabilities	1,371	2,768	4,219	9,004	36,208	27,179	-	80,749
Total Liabilities	29,294,073	1,851,011	5,072,752	12,157,630	3,628,764	2,066,913	510,246	54,581,389
Net liquidity gap	(10,505,742)	1,281,554	1,967,811	(8,835,386)	2,419,259	18,414,375	398,055	5,139,926
Financial guarantees	2,895,950							
Credit commitment undrawn	1,910,453							

Notes to the Financial Statements

for the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Liquidity risk (cont'd)

Maturities of Assets and Liabilities (cont'd)

At 31 December 2023	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 Years	> 3 Years	Non Maturity Items	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS								
Cash and cash equivalents	10,186,933	-	-	-	-	-	(17,655)	10,169,278
Derivative assets held for risk management	4,580	-	-	-	-	-	-	4,580
Loans and advances to Banks	1,275,604	861,952	3,446,754	2,892,281	445,379	-	-	8,921,970
Loans and advances to customers	200,121	458,604	687,657	1,733,910	3,930,613	15,190,715	-	22,201,620
Investment securities	2,427,459	4,306,780	991,782	782,978	4,543,689	-	(7,638)	13,045,050
Other assets	-	-	-	-	-	-	17,546	17,546
Total Assets	14,094,697	5,627,336	5,126,193	5,409,169	8,919,681	15,190,715	(7,747)	54,360,044
LIABILITIES								
Deposits	29,849,982	5,284,838	3,536,665	6,605,813	2,315,812	1,460,272	176,063	49,229,445
Derivative liabilities held for risk management	5,571	-	33,863	-	-	-	-	39,434
Other borrowed funds	371,339	121,220	190,783	309,751	301,836	5,000	-	1,299,929
Subordinated liabilities	1,971	5,913	11,825	23,650	371,060	698,478	-	1,112,897
Other liabilities	-	-	-	-	-	-	365,291	365,291
Lease liabilities	1,661	4,982	4,982	8,304	20,730	38,406	-	79,065
Total Liabilities	30,230,524	5,416,953	3,778,118	6,947,518	3,009,438	2,202,156	541,354	52,126,061
Net liquidity gap	(16,135,827)	210,383	1,348,075	(1,538,349)	5,910,243	12,988,559	(549,101)	2,233,983
Financial guarantees	2,967,346	-	-	-	-	-	-	2,967,346
Credit commitment undrawn	2,795,582	-	-	-	-	-	-	2,795,582

Notes to the Financial Statements

for the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Liquidity risk (cont'd)

Maturities of Assets and Liabilities (cont'd)

At 31 December 2022	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 Years	> 3 Years	Non Maturity Items	TOTAL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS								
Cash and cash equivalents	8,199,557	-	-	-	-	-	(8,165)	8,191,392
Derivative assets held for risk management	105	943	2,068	-	-	-	-	3,116
Loans and advances to Banks	-	2,254,165	1,035,116	1,712,070	369,684	-	-	5,371,035
Loans and advances to customers	189,286	525,227	763,526	2,474,798	7,261,484	15,610,823	-	26,825,144
Investment securities	-	2,313,032	2,573,543	1,173,212	6,265,642	-	-	12,325,429
Other assets	-	-	-	-	-	-	21,316	21,316
Total Assets	8,388,948	5,093,367	2,971,379	5,360,080	13,896,810	15,610,823	13,151	52,737,432
LIABILITIES								
Deposits	27,168,676	1,969,923	3,299,746	6,768,077	1,917,725	1,512,310	1,275,471	43,911,928
Derivative liabilities held for risk management	10,473	12,259	3,707	-	-	-	-	26,439
Other borrowed funds	1,414,503	112,768	183,960	296,641	809,417	115,375	-	2,932,664
Subordinated liabilities	1,971	5,913	11,825	23,650	371,060	1,228,966	-	1,643,385
Other liabilities	-	-	-	-	-	-	272,655	272,655
Lease liabilities	1,578	4,735	4,735	7,891	15,839	49,839	-	84,617
Total Liabilities	28,597,201	2,105,598	3,503,973	7,096,259	3,135,986	2,738,965	1,548,126	48,726,108
Net liquidity gap	(20,208,253)	2,987,769	(532,594)	(1,736,179)	10,760,824	12,871,858	(1,534,975)	4,011,324
Financial guarantees	2,387,488	-	-	-	-	-	-	2,387,488
Credit commitment undrawn	1,976,757	-	-	-	-	-	-	1,976,757

Derivative Cash Flows

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 Years	> 3 Years	Non Maturity Items	TOTAL
As at 31 December 2024	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Inflows	**639**	**23,561**	**-**	**-**	**-**	**9,466**	**-**	**33,666**
Outflows	**558**	**1,717**	**16,706**	**-**	**-**	**-**	**-**	**18,981**
As at 31 December 2023								
Inflows	4,580	-	-	-	-	-	-	4,580
Outflows	5,571	-	33,863	-	-	-	-	39,434
As at 31 December 2022								
Inflows	105	943	2,068	-	-	-	-	3,116
Outflows	10,473	-	12,259	3,707	-	-	-	26,439

Notes to the Financial Statements

for the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(h) Financial Instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented at fair value compared to carrying amounts shown in the financial statement.

	Carrying value			Fair value		
	Dec-24	Dec-23	Dec-22	**Dec-24**	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000	**Rs 000**	Rs 000	Rs 000
Financial assets						
Cash and cash equivalents	**17,090,743**	10,169,278	8,191,392	**17,090,743**	10,169,278	8,191,392
Loans and advances	**23,643,099**	28,003,070	25,327,450	**23,601,349**	27,890,506	25,227,670
Investment securities	**9,513,287**	10,617,591	10,922,555	**9,431,643**	10,437,986	10,527,027
Other assets	**16,955**	17,546	21,316	**16,955**	17,546	21,316
Financial liabilities						
Deposits	**47,861,820**	44,847,282	38,242,254	**47,856,293**	44,840,577	38,231,109
Other borrowed funds	**1,406,635**	1,299,929	2,932,664	**1,406,635**	1,299,929	2,932,664
Subordinated liabilities	**982,138**	1,112,897	1,289,279	**982,138**	1,112,897	1,289,279
Other liabilities	**238,525**	236,793	272,655	**238,525**	236,793	272,655
Off-balance sheet						
Loan commitments	**1,910,453**	2,795,582	1,976,757	**1,910,453**	2,795,582	1,976,757
Other contingent liabilities	**2,895,950**	2,967,346	2,387,488	**2,895,950**	2,967,346	2,387,488

(i) Cash resources

The fair value of cash resources is equal to their carrying amount as these are for short terms only.

(ii) Loans and advances to Banks and to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. The fair value is calculated by applying the market rates to the fixed rate term loans.

(iii) Investment securities

Interest-bearing amortised cost investments include Treasury Notes whose fair values are based on market prices or broker/dealer price quotations. Financial assets classified as FVTOCI represent investment in Treasury Bills whose fair value are based on bid price and yield published by the Bank of Mauritius.

(iv) Deposits and subordinated liabilities

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed interest-bearing deposits and debt securities issued not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(v) Other financial assets and liabilities on the statement of financial position

The fair values of other assets, other borrowed funds, provisions and other liabilities at the reporting date approximate their fair values.

(vi) Off-balance sheet financial instruments

Guarantees, acceptances, loans commitments and other financial liabilities are shown at their fair values.

Notes to the Financial Statements

for the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level - 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level - 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the Over-The-Counter derivative contracts, traded loans, issued structured debt and other investment securities.

Level - 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

The Bank's Level 2 instruments consists of Derivatives held for risk management and investment securities. The input used in the fair value of these instruments relates to SOFR interest rate, as published by Reuters, and yield curve by the Government of Mauritius.

As at 31 December 2024, the Bank holds equity investments with significant unobservable components falling under the Level 3 fair value hierarchy. The equity investment has been fair valued based on the market approach. Derivatives held for risk management falling under category Level 2, uses Quoted prices using Reuters platform. Level 3 fair values of land and building have been derived using the services of a chartered valuer.

The hierarchy requires the use of observable market data when applicable.

At 31 December 2024

	Level 1	Level 2	Level 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Non-equity Investments				
Derivative assets held for risk management	-	33,666	-	33,666
Investment securities	-	4,139,344	-	4,139,344
Property and equipment	-	-	251,689	251,689
Equity Investments				
Investment securities	-	-	41,055	41,055
Total assets	-	4,173,010	292,744	4,465,754
Derivative liabilities held for risk management	-	18,981	-	18,981
Total liabilities	-	18,981	-	18,981

Notes to the Financial Statements

for the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Fair value hierarchy (Cont'd)

At 31 December 2023

	Level 1	Level 2	Level 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Non-equity Investments				
Derivative assets held for risk management	-	4,580	-	4,580
Investment securities	-	2,395,438	-	2,395,438
Property and equipment	-	-	257,183	257,183
Equity Investments				
Investment securities	-	-	32,021	32,021
Total assets	-	2,400,018	289,204	2,689,222
Derivative liabilities held for risk management	-	39,434	-	39,434
Total liabilities	-	39,434	-	39,434

At 31 December 2022	Level 1	Level 2	Level 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Non-equity Investments				
Derivative assets held for risk management	-	3,116	-	3,116
Investment securities	-	1,366,817	-	1,366,817
Property and equipment	-	-	217,071	217,071
Equity Investments				
Investment securities	-	-	36,057	36,057
Total assets	-	1,369,933	253,128	1,623,061
Derivative liabilities held for risk management	-	26,439	-	26,439
Total liabilities	-	26,439	-	26,439

The valuation techniques used in determining the fair value of financial assets and liabilities classified within level 3.

Financial instrument	Fair value Rs 000	Unobservable input	Rate	Relationship of unobservable inputs to fair value
FVTOCI investment: M Oriental Bank Ltd	35,026	Illiquidity discount	13%	A decrease of 5% in the discount rate from 20% to 25% would increase the fair value of the investment by Rs 3.1m and an increase of 5% would decrease the fair value by Rs 3.1m.
FVTOCI investment: Industrial Finance Corporation of Mauritius (Equity) Ltd	3,276	Net asset	N/A	N/A
FVTOCI investment: S.W.I.F.T SCRL	2,753	Net asset	N/A	N/A

Reconciliation of level 3 fair value measurement

	Rs 000
Balance as at 01 January 2022	257,274
Fair value	(4,146)
Balance as at 31 December 2022	253,128
Fair value	36,076
Balance as at 31 December 2023	289,204
Fair value	**3,540**
Balance as at 31 December 2024	**292,744**

Notes to the Financial Statements

for the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Fair value hierarchy (Cont'd)

Transfer between levels

No transfer arose between levels during the year.

Valuation process

The valuations of non-property items required for financial reporting purposes, including level 3 fair values are performed at Finance department led by the Chief Financial Officer (CFO).

The valuations of properties are based on market value and on vacant possession basis. The values have been primarily derived using the direct comparison method as well as the income approach. Due to consideration is given to the existing state of property market in general and to this submarket.

(j) Financial instruments by category

At 31 December 2024

	Amortised cost	Financial assets at fair value through profit or loss	Financial assets at FVTOCI	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Financial assets				
Cash and cash equivalents	17,090,743	-	-	17,090,743
Derivative assets held for risk management	-	33,666	-	33,666
Loan and advances to Banks	5,795,705	-	-	5,795,705
Loan and advances to customers	17,847,394	-	-	17,847,394
Investment securities	9,513,287	-	4,180,399	13,693,686
Other assets	16,955	-	-	16,955
	50,264,084	33,666	4,180,399	54,478,149

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	Rs 000	Rs 000	Rs 000
Financial liabilities			
Deposits from customers	-	47,861,820	47,861,820
Derivative liabilities held for risk management	18,981	-	18,981
Other borrowed funds	-	1,406,635	1,406,635
Subordinated liabilities	-	982,138	982,138
Other liabilities	-	238,525	238,525
	18,981	50,489,118	50,508,099

Notes to the Financial Statements

for the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(j) Financial instruments by category

At 31 December 2023

	Amortised cost	Financial assets at fair value through profit or loss	Financial assets at FVTOCI	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Financial assets				
Cash and cash equivalents	10,169,278	-	-	10,169,278
Derivative assets held for risk management	-	4,580	-	4,580
Loan and advances to Banks	8,873,984	-	-	8,873,984
Loan and advances to customers	19,129,086	-	-	19,129,086
Investment securities	10,617,591	-	2,427,459	13,045,050
Other assets	17,546	-	-	17,546
	48,807,485	4,580	2,427,459	51,239,524

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	Rs 000	Rs 000	Rs 000
Financial liabilities			
Deposits from customers	-	44,847,282	44,847,282
Derivative liabilities held for risk management	39,434	-	39,434
Other borrowed funds	-	1,299,929	1,299,929
Subordinated liabilities	-	1,112,897	1,112,897
Other liabilities	-	236,793	236,793
	39,434	47,496,901	47,536,335

Notes to the Financial Statements

for the year ended 31 December 2024

2. FINANCIAL RISK MANAGEMENT (CONT'D)

(j) Financial instruments by category (Cont'd)

At 31 December 2022

	Amortised cost	Financial assets at fair value through profit or loss	FVTOCI	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Financial assets				
Cash and cash equivalents	8,191,392	-	-	8,191,392
Derivative assets held for risk management	-	3,116	-	3,116
Loan and advances to Banks	5,147,185	-	-	5,147,185
Loan and advances to customers	20,180,265	-	-	20,180,265
Investment securities	10,922,555	-	1,402,874	12,325,429
Other assets	21,316	-	-	21,316
	44,462,713	3,116	1,402,874	45,868,703

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	Rs 000	Rs 000	Rs 000
Financial liabilities			
Deposits from customers	-	38,242,254	38,242,254
Derivative liabilities held for risk management	26,439	-	26,439
Other borrowed funds	-	2,932,664	2,932,664
Subordinated liabilities	-	1,289,279	1,289,279
Other liabilities	-	272,655	272,655
	26,439	42,736,852	42,763,291

3. NET INTEREST INCOME

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Interest income			
Loans and advances to banks	**411,553**	339,172	148,356
Loans and advances to customers	**1,348,138**	1,375,402	840,929
Investments securities	**289,779**	270,635	233,277
Cash and cash equivalents	**598,171**	367,557	170,659
Total interest income calculated using the effective interest method	**2,647,641**	2,352,766	1,393,221

Notes to the Financial Statements

for the year ended 31 December 2024

3. NET INTEREST INCOME (CONT'D)

		Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
	Interest expense			
	Deposits from customers	**(1,125,523)**	(845,756)	(235,303)
	Borrowings from banks	**(107,590)**	(157,598)	(75,274)
	Subordinated liabilities	**(66,940)**	(74,049)	(81,930)
	Interest Expense on Lease liabilities	**(7,565)**	(6,457)	(6,900)
	Total interest expense	**(1,307,618)**	(1,083,860)	(399,407)
	Net interest income	**1,340,023**	1,268,906	993,814
(a)	**Resident**			
	Interest income			
	Loans and advances to customers	**922,745**	1,045,915	551,486
	Investments securities	**173,750**	129,349	113,748
	Cash and cash equivalents	**267,950**	31,450	-
	Total interest income calculated using the effective interest method	**1,364,445**	1,206,714	665,234
	Interest expense			
	Deposits from customers	**(491,480)**	(440,730)	(136,279)
	Borrowings from banks	**(9,873)**	(39,128)	(6,268)
	Subordinated liabilities	**(46,431)**	(47,839)	(50,274)
	Interest expense on Lease liabilities	**(7,565)**	(6,457)	(6,900)
	Total interest expense	**(555,349)**	(534,154)	(199,721)
	Net interest income	**809,096**	672,560	465,513
(b)	**Non- Resident**			
	Interest income			
	Loans and advances to banks	**411,553**	339,172	148,356
	Loans and advances to customers	**425,393**	329,487	289,443
	Investments securities	**116,029**	141,286	119,529
	Cash and cash equivalents	**330,221**	336,107	170,659
	Total interest income calculated using the effective interest method	**1,283,196**	1,146,052	727,987
	Interest expense			
	Deposits from customers	**(634,043)**	(405,026)	(99,024)
	Borrowings from banks	**(97,717)**	(118,470)	(69,006)
	Subordinated liabilities	**(20,509)**	(26,210)	(31,656)
	Total interest expense	**(752,269)**	(549,706)	(199,686)
	Net interest income	**530,927**	596,346	528,301
	Recognised on financial assets measured at amortised cost			
	Interest Income			
	Loans and advances to banks	**411,554**	339,172	148,356
	Loans and advances to customers	**1,328,074**	1,354,434	825,787
	Investments securities	**159,180**	194,428	197,573
	Cash and cash equivalents	**598,170**	367,557	170,659
	Lease receivables	**20,064**	20,968	15,142
	Recognised on financial assets measured at FVTOCI			
	Investment securities	**130,599**	76,207	35,704
	Total interest income calculated using the effective interest method	**2,647,641**	2,352,766	1,393,221

Notes to the Financial Statements

for the year ended 31 December 2024

3. NET INTEREST INCOME (CONT'D)

		Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
	Interest expense			
	Recognised on financial liabilities measured at amortised cost			
	Deposits from customers	**(1,125,523)**	(845,756)	(235,303)
	Borrowings from Banks	**(107,590)**	(157,598)	(75,274)
	Subordinated liabilities	**(66,940)**	(74,049)	(81,930)
	Interest expense on lease liabilities	**(7,565)**	(6,457)	(6,900)
	Total interest expense	**(1,307,618)**	(1,083,860)	(399,407)
	Net interest income	**1,340,023**	1,268,906	993,814
(a)	**Resident**			
	Recognised on financial assets measured at amortised cost			
	Interest Income			
	Loans and advances to customers	**902,681**	1,024,947	536,344
	Investments securities	**43,152**	53,142	78,044
	Lease receivables	**20,064**	20,968	15,142
	Cash and cash equivalents	**267,950**	31,450	-
	Recognised on financial assets measured at FVTOCI			
	Investment securities	**130,598**	76,207	35,704
	Total interest income calculated using the effective interest method	**1,364,445**	1,206,714	665,234
	Interest expense			
	Recognised on financial liabilities measured at amortised cost			
	Deposits from customers	**(491,480)**	(440,730)	(136,279)
	Borrowings from Banks	**(9,873)**	(39,128)	(6,268)
	Subordinated liabilities	**(46,431)**	(47,839)	(50,274)
	Interest expense on lease liabilities	**(7,565)**	(6,457)	(6,900)
	Total interest expense	**(555,349)**	(534,154)	(199,721)
	Net interest income	**809,096**	672,560	465,513
(b)	**Non- Resident**			
	Recognised on financial assets measured at amortised cost			
	Interest Income			
	Loans and advances to banks	**411,554**	339,172	148,356
	Loans and advances to customers	**425,393**	329,487	289,443
	Investments securities	**116,028**	141,286	119,529
	Cash and cash equivalents	**330,220**	336,107	170,659
	Total interest income calculated using the effective interest method	**1,283,195**	1,146,052	727,987
	Interest expense			
	Recognised on financial liabilities measured at amortised cost			
	Deposits from customers	**(634,043)**	(405,026)	(99,024)
	Borrowings from Banks	**(97,717)**	(118,470)	(69,006)
	Subordinated liabilities	**(20,509)**	(26,210)	(31,656)
	Total interest expense	**(752,269)**	(549,706)	(199,686)
	Net interest income	**530,926**	596,346	528,301

Notes to the Financial Statements

for the year ended 31 December 2024

4. NET FEE AND COMMISSION INCOME

		Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
	Fee and commission income			
	Retail Banking customer fees	**21,531**	19,656	14,207
	Corporate Banking credit related fees	**32,754**	25,674	23,759
	International Banking customer fees	**202,736**	216,757	268,891
	Guarantees	**10,451**	17,072	17,388
	Credit cards and e-commerce related fees	**25,499**	22,634	16,537
	Others	**100,572**	99,153	116,269
	Total fee and commission income	**393,543**	400,946	457,051
	Others include fees related to custody/Trade finance business			
	Fee and commission expense			
	InterBank transaction fees	**(28,245)**	(30,999)	(18,679)
	Credit cards and e-commerce related fees	**(20,607)**	(23,603)	(29,713)
	Others	**(135,705)**	(84,349)	(79,258)
	Total fee and commission expense	**(184,557)**	(138,951)	(127,650)
	Net fee and commission income	**208,986**	261,995	329,401
(a)	**Resident**			
	Fee and commission income			
	Retail Banking customer fees	**21,531**	19,656	14,207
	Corporate Banking credit related fees	**32,754**	25,674	23,759
	Guarantees	**4,900**	6,683	7,335
	Credit cards	**25,499**	22,247	16,517
	Others	**62,971**	48,443	45,422
	Total fee and commission income	**147,655**	122,703	107,240
	Fee and commission expense			
	InterBank transaction fees	**(12,755)**	(7,391)	(4,120)
	Credit cards	**(20,607)**	(23,603)	(14,721)
	Others	**(86,595)**	(39,847)	(36,342)
	Total fee and commission expense	**(119,957)**	(70,841)	(55,183)
	Net fee and commission income	**27,698**	51,862	52,057
(b)	**Non- Resident**			
	Fee and commission income			
	International Banking customer fees	**202,736**	216,757	268,891
	Guarantees	**5,551**	10,389	10,053
	Credit cards and e-commerce related fees	**-**	387	20
	Others	**37,601**	50,710	70,847
	Total fee and commission income	**245,888**	278,243	349,811
	Fee and commission expense			
	InterBank transaction fees	**(15,490)**	(23,608)	(14,559)
	Credit cards and e-commerce related fees	**-**	-	(14,992)
	Others	**(49,110)**	(44,502)	(42,916)
	Total fee and commission expense	**(64,600)**	(68,110)	(72,467)
	Net fee and commission income	**181,288**	210,133	277,344

Notes to the Financial Statements

for the year ended 31 December 2024

5. NET GAIN ON DEALING IN FOREIGN CURRENCIES AND DERIVATIVES

		Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
	Profit arising from dealing in foreign currencies	347,465	290,448	202,070
	Net gain/(loss) from derivatives	1,827	(34,854)	(23,323)
		349,292	255,594	178,747
(a)	Resident			
	Profit arising from dealing in foreign currencies	109,414	91,271	84,192
	Net gain/(loss) from derivatives	38	(31,896)	2,219
		109,452	59,375	86,411
(b)	Non- Resident			
	Profit arising from dealing in foreign currencies	238,051	199,177	117,878
	Net gain/(loss) from derivatives	1,789	(2,958)	(25,542)
		239,840	196,219	92,336

6. OTHER OPERATING INCOME

		Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
	Gain/(loss) on disposal/scrap of property and equipment	571	(55)	1,746
	Net gain from derecognition of financial assets measured at FVTOCI	359	733	3,111
		930	678	4,857
	Others include gain/loss on disposal of securities.			
(a)	Resident			
	Gain/(loss) on disposal/scrap of property and equipment	571	(55)	1,746
	Net gain from derecognition of financial assets measured at FVTOCI	359	733	3,111
		930	678	4,857

7. NET IMPAIRMENT (LOSS)/REVERSAL ON FINANCIAL ASSETS

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Impairment loss for the year	(236,173)	(127,564)	(165,299)
Bad debts written off for which no provisions were made	(50)	(246)	(43)
Provisions released during the year	69,100	250,781	175,886
Recoveries of advances written off	10,879	9,179	22,932
Net impairment (loss)/reversal on financial assets	(156,244)	132,150	33,476

8. PERSONNEL EXPENSES

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Wages and salaries	(402,642)	(455,895)	(404,885)
Compulsory social security obligations	(27,970)	(26,635)	(24,130)
Funded pension costs (note 27)	(14,494)	(12,086)	(10,427)
Unfunded pension costs (note 27)	(5,664)	5,175	(4,959)
Defined contribution plan	(39,878)	(32,161)	(28,958)
Other personnel expenses	(142,763)	(153,035)	(143,992)
	(633,411)	(674,637)	(617,351)

Other personnel expenses include training and other staff related expenses.

Notes to the Financial Statements

for the year ended 31 December 2024

9. OTHER EXPENSES

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Software licensing and other information technology cost	(189,098)	(150,878)	(142,884)
Premises related expenses	(81,217)	(63,919)	(62,753)
Legal and professional expenses	(69,651)	(25,921)	(22,273)
Others	(75,867)	(82,601)	(62,563)
	(415,833)	(323,319)	(290,473)

Others include directors expenses, subscriptions and marketing and promotion expenses.

10. INCOME TAX EXPENSE

(a) Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

Prior to the enactment of the Mauritius Finance Act 2023, the tax regime applicable to banks was as follows for financial years ended 31 December 2023 and 2022, subject to Banks satisfying some prescribed conditions:

Up to Rs 1.5 bn	5%
Above Rs 1.5 bn and up to the amount equivalent to the chargeable income of the base year (FY 31 December 2017)	15%
Remainder	5%

Following enactment of the Mauritius Finance Act 2023 in July 2023, the reduced incentive rate of 5% applicable to banks on chargeable income exceeding MUR 1.5 billion has been abolished. Banks are now taxed at 7% on a chargeable income of less than MUR 1.5 billion and at 15% on a chargeable income exceeding MUR 1.5 billion.

Deferred tax asset is calculated at the rate of 9% for resident and 7% for non-resident.

(d) Special levy on banks having leviable income not exceeding Rs 1.2 billion is calculated at the rate of 5.5% of net interest income and other income before deduction of expenses. Special levy is not applicable on income derived from transactions with Global Business Licence holders and Mauritian companies to the extent of their banking transactions carried out through a foreign permanent establishment.

		Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
(a)	Current tax expense			
	Tax expense (including Special levy and CSR)	57,132	44,645	33,566
(b)	Deferred tax expense/(credit)			
	Reversal of temporary differences (Note 20)	(25,681)	10,275	8,179
		31,451	54,920	41,745
(c)	Reconciliation of effective tax rate			
	Profit before income tax	598,865	810,730	535,570
	Taxed at 7% (2023 and 2022: 5%)	41,921	40,537	26,778
	Non-deductible expenses	409	1,436	414
	Income not subject to tax	(762)	(459)	(1,147)
	Special levy on Banks	9,623	9,625	9,624
	Corporate social responsibility fund	248	-	2,410
	(Over)/under provision of tax in prior year	(7,442)	(599)	1,556
	Differences in rates	(12,546)	4,380	2,110
	Total income tax in statement of profit or loss	31,451	54,920	41,745

Notes to the Financial Statements

for the year ended 31 December 2024

11. EARNINGS PER SHARE

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Profit for the year (Rs 000)	567,414	755,810	493,825
Weighted average number of ordinary shares	14,564,560	14,564,560	14,564,560
Earnings per share - Basic and diluted (Rs)	38.96	51.89	33.91

12. CASH AND CASH EQUIVALENTS

	Dec-24 Rs 000	Restated Dec-23 Rs 000	Restated Dec-22 Rs 000
Cash in hand	99,708	141,477	137,132
Foreign currency notes and coins	4,615	12,254	29,135
Balances with Central Banks	1,784,429	1,870,547	1,374,653
Balance due in clearing	10,367	20,518	14,021
Money market placements	10,414,815	4,304,793	3,859,470
Balances with Banks abroad	4,789,674	3,837,344	2,785,146
	17,103,608	10,186,933	8,199,557
Less: allowance for expected credit loss (Stage 1)	(12,865)	(17,655)	(8,165)
	17,090,743	10,169,278	8,191,392
Current	17,090,743	10,169,278	8,191,392
(a) **Resident**			
Cash in hand	99,708	141,477	137,132
Foreign currency notes and coins	4,615	12,254	29,135
Balances with Central Banks	1,784,429	1,870,547	1,374,653
Balance due in clearing	10,367	20,518	14,021
Money market placements	6,516,249	2,235,922	-
	8,415,368	4,280,718	1,554,941
Less: allowance for expected credit loss (Stage 1)	(3,646)	(15,313)	(3,976)
	8,411,722	4,265,405	1,550,965
(b) **Non- Resident**			
Money market placements	3,898,566	2,068,871	3,859,470
Balance with Banks abroad	4,789,674	3,837,344	2,785,146
	8,688,240	5,906,215	6,644,616
Less: allowance for expected credit loss	(9,219)	(2,342)	(4,189)
	8,679,021	5,903,873	6,640,427

There were no transfer between stages during the year (2023 and 2022: Nil).

Reconciliation of liabilities arising from financing activities

The table below details changes in the Bank's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Bank's statement of cash flows as cash flows from financing activities.

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Cash and cash equivalents	17,090,743	10,169,278	8,191,392
Securities maturing within 3 months	747,214	112,744	-
Borrowings from banks	(595,122)	(233,242)	(525,299)
	17,242,835	10,048,780	7,666,093

Notes to the Financial Statements

for the year ended 31 December 2024

12. CASH AND CASH EQUIVALENTS (CONT'D)

Reconciliation of liabilities arising from financing activities (Cont'd)

	Balance as at 01 January 2024	Financing cash flows (i)	Non-cash changes: New Rights-of-Use	Non-cash changes: Other Changes (ii)	Balance as at 31 December 2024
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Other borrowed funds	1,299,929	102,185	-	4,521	1,406,635
Subordinated liabilities	1,112,897	(131,437)	-	678	982,138
Lease liabilities	79,065	(24,146)	18,266	7,564	80,749
	2,491,891	(53,398)	18,266	12,763	2,469,522

	Balance as at 01 January 2023	Financing cash flows (i)	Non-cash changes: New Rights-of-Use	Non-cash changes: Other Changes (ii)	Balance as at 31 December 2023
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Other borrowed funds	2,932,664	(1,637,175)	-	4,440	1,299,929
Subordinated liabilities	1,289,279	(177,088)	-	706	1,112,897
Lease liabilities	84,617	(19,849)	7,840	6,457	79,065
	4,306,560	(1,834,112)	7,840	11,603	2,491,891

	Balance as at 01 January 2022	Financing cash flows (i)	Non-cash changes: New R-O-U	Non-cash changes: Other Changes (ii)	Balance as at 31 December 2022
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Other borrowed funds	2,055,978	869,454	-	7,232	2,932,664
Subordinated liabilities	1,396,543	(104,806)	-	(2,458)	1,289,279
Lease liabilities	96,615	(19,898)	-	7,900	84,617
	3,549,136	744,750	-	12,674	4,306,560

(i) The cash flows from rights of use, subordinated and other borrowed funds make up the net amount of proceeds from borrowings and repayments against borrowings in the statement of cash flows under financing activities.

(ii) Other changes include interest accruals, exchange gains or losses, amortisation and interest payments.

Notes to the Financial Statements

for the year ended 31 December 2024

13. DERIVATIVE ASSETS AND LIABILITIES HELD FOR RISK MANAGEMENT

	Contractual/ Nominal Amount	Assets Fair Value	Liabilities Fair Value
	Rs 000	Rs 000	Rs 000
As at 31 December 2024			
Currency forwards	**70**	**18,936**	**18,981**
Currency Swaps	**7,479**	**14,730**	**-**
	7,549	**33,666**	**18,981**
Resident	**-**	**-**	**-**
Non- Resident	**7,549**	**33,666**	**18,981**
Current	**7,549**	**33,666**	**18,981**
As at 31 December 2023			
Currency forwards	1,039,698	2,739	3,139
Currency Swaps	1,717,580	1,841	36,295
	2,757,278	4,580	39,434
Resident	1,976,334	1,971	33,867
Non-Resident	780,944	2,609	5,567
Current	2,757,278	4,580	39,434

	Contractual/ Nominal Amount	Assets Fair Value	Liabilities Fair Value
	Rs 000	Rs 000	Rs 000
As at 31 December 2022			
Currency forwards	155,412	1,059	933
Currency Swaps	1,895,918	2,057	25,506
	2,051,330	3,116	26,439
Resident	115,625	3,041	818
Non-Resident	1,935,705	75	25,621
Current	2,051,330	3,116	26,439

Notes to the Financial Statements

for the year ended 31 December 2024

14. LOANS AND ADVANCES TO BANKS

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
In and outside Mauritius	**5,839,020**	8,917,253	5,150,285
Less: allowance for expected credit loss	**(43,315)**	(43,269)	(3,100)
	5,795,705	8,873,984	5,147,185
Current	**4,357,243**	8,431,094	4,481,670
Non Current	**1,438,462**	442,890	665,515
	5,795,705	8,873,984	5,147,185
(i) Non-Resident			
Outside Mauritius	**5,839,020**	8,917,253	5,150,285
Less: allowance for expected credit loss	**(43,315)**	(43,269)	(3,100)
	5,795,705	8,873,984	5,147,185
(ii) Remaining term to maturity			
Up to 3 months	**1,671,877**	2,799,502	2,030,554
Over 3 months and up to 6 months	**2,007,336**	3,297,472	887,888
Over 6 months and up to 12 months	**710,594**	2,375,231	1,565,927
Over 1 year and up to 5 years	**1,449,213**	445,048	665,916
	5,839,020	8,917,253	5,150,285

(iii) Allowance for expected credit loss

	Stage 3 ECL	Stage 1 & 2 ECL	Total
	Rs 000	Rs 000	Rs 000
Balance as at 01 January 2022	-	2,417	2,417
Provision during the year	-	376	376
Balance as at 31 December 2022	-	2,793	2,793
Provision during the year	-	307	307
Balance as at 31 December 2023	-	3,100	3,100
Provision during the year	-	40,215	40,215
Balance as at 31 December 2024	**-**	**43,315**	**43,315**

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for the year ended 31 December 2024

15. LOANS AND ADVANCES TO CUSTOMERS

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Retail customers			
- Credit cards	71,476	72,104	51,466
- Mortgages	7,709,612	7,837,976	6,790,438
- Other retail loans	3,116,136	3,362,367	2,925,435
Corporate customers	5,475,043	5,847,737	8,493,149
Entities outside Mauritius	2,276,940	2,630,311	2,660,897
	18,649,207	19,750,495	20,921,385
Less: allowance for credit impairment	(801,813)	(621,409)	(741,120)
	17,847,394	19,129,086	20,180,265
Current	2,371,062	3,829,006	4,095,251
Non current	15,476,332	15,300,080	16,085,014
	17,847,394	19,129,086	20,180,265
Net finance lease receivables included in loans and advances to customers (Note 15 g)	276,412	270,151	272,322

(a) Resident

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Retail customers			
- Credit cards	71,476	72,104	51,466
- Mortgages	7,569,461	7,712,944	6,673,828
- Other retail loans	3,010,753	3,242,600	2,790,805
Corporate customers	5,475,019	5,402,200	6,993,223
	16,126,709	16,429,848	16,509,322
Less allowance for credit impairment	(301,201)	(283,193)	(421,059)
	15,825,508	16,146,655	16,088,263

(b) Non-Resident

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Retail customers			
- Mortgages	140,151	125,032	116,610
- Other retail loans	105,383	119,767	134,630
Corporate customers	24	445,537	1,499,926
Entities outside Mauritius	2,276,940	2,630,311	2,660,897
	2,522,498	3,320,647	4,412,063
Less allowance for expected credit loss	(500,612)	(338,216)	(320,061)
	2,021,886	2,982,431	4,092,002

(c) Remaining term to maturity

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Up to 3 months	2,554,465	2,559,556	2,675,544
Over 3 months and up to 6 months	435,487	229,073	634,106
Over 6 months and up to 12 months	182,923	1,051,987	830,826
Over 1 year and up to 5 years	5,324,223	4,306,216	6,095,471
Over 5 years	10,152,109	11,603,663	10,685,438
	18,649,207	19,750,495	20,921,385

Notes to the Financial Statements

for the year ended 31 December 2024

15. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(d) Credit concentration of risk by industry sectors

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Agriculture and fishing	388,126	29,942	256,326
Manufacturing	39,892	47,856	314,594
of which Export Processing Zone License holders	-	8,672	19,619
Tourism	704,031	1,092,597	1,384,047
Transport	658,001	694,789	672,359
Construction	1,273,575	1,798,178	1,867,197
Financial and business services	1,522,780	1,714,392	1,989,706
Traders	2,451,218	2,405,685	2,816,970
Personal	9,392,080	9,599,800	8,606,326
of which Residential Mortgages	7,522,152	7,837,976	6,790,438
Professional	11,287	12,478	11,163
Global business license holders	233,941	456,855	1,054,997
Others	1,974,276	1,897,923	1,947,700
of which credit central government	1,352,179	1,326,516	1,355,644
	18,649,207	19,750,495	20,921,385

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
(i) Resident			
Agriculture and Fishing	388,126	29,942	256,326
Manufacturing	39,892	47,856	49,519
of which Export Processing Zone License holders	-	8,672	19,619
Tourism	704,031	1,092,597	1,384,047
Transport	427,294	434,443	417,912
Construction	1,259,856	1,749,585	1,811,861
Financial and business services	830,116	772,787	1,018,297
Traders	2,451,194	2,300,251	2,607,289
Personal	9,243,386	9,457,344	8,412,877
of which Residential Mortgages	7,522,152	7,712,944	6,673,828
Global business license holders	233,941	-	-
Professional	11,287	12,478	11,163
Others	537,586	532,565	540,031
	16,126,709	16,429,848	16,509,322
(ii) Non-Resident			
Manufacturing	-	-	265,075
Transport	230,707	260,346	254,447
Construction	13,719	48,593	55,336
Financial and business services	692,664	941,605	971,409
Traders	24	105,434	209,681
Personal	148,694	142,456	193,449
of which Residential Mortgages	-	125,032	116,610
Global business license holders	-	456,855	1,054,997
Others	1,436,690	1,365,358	1,407,669
of which credit central government	1,352,179	1,326,516	1,355,644
	2,522,498	3,320,647	4,412,063

Notes to the Financial Statements

For the year ended 31 December 2024

15. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(d) Credit concentration of risk by industry sectors (Cont'd)

Others include the following sectors: Media, Entertainment and Recreational Activities, Education, Modernisation and Expansion Enterprise Certificate Holders, Health Development Certificate Holders, Public Non financial Corporations, State and Local Government, Infrastructure, ICT, Freeport certificate holders and others.

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Off balance sheet by industry sector			
Agriculture and Fishing	**1,167**	350,622	100,390
Manufacturing	**523,591**	425,208	224,338
Tourism	**1,212,465**	14,626	18,682
Transport	**40,010**	4,816	9,984
Construction	**114,660**	835,857	1,215,331
Financial and business services	**325,302**	1,527,236	509,370
Traders	**26,329**	841,934	488,300
Personal	**11,820**	387,637	316,792
Global business license holders	**648,177**	1,193,841	1,183,135
Others	**1,902,882**	181,151	297,923
	4,806,403	5,762,928	4,364,245

(e) Allowance for expected credit loss

	Specific allowances for impairment Stage 3 ECL	Portfolio allowances for impairment Stage 1 and 2 ECL	Total
	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2022	583,243	277,172	860,415
Provision for expected credit loss for the year	160,525	55,751	216,276
Loans written off out of allowance	(154,214)	-	(154,214)
Provisions released	(70,611)	(110,746)	(181,357)
Balance as at 31 December 2022	518,943	222,177	741,120
Provision for expected credit loss for the year	201,400	7,900	209,300
Loans written off out of allowance	(42,107)	-	(42,107)
Provisions released	(112,894)	(174,010)	(286,904)
Balance as at 31 December 2023	**565,342**	**56,067**	**621,409**
Provision for expected credit loss for the year	**356,198**	**20,912**	**377,110**
Loans written off out of allowance	**(47,349)**	**-**	**(47,349)**
Provisions released	**(118,105)**	**(31,252)**	**(149,357)**
Balance as at 31 December 2024	**756,086**	**45,727**	**801,813**

(f) Allowance for credit impairment

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Retail customers			
- Credit cards	**5,089**	4,449	5,841
- Mortgages	**39,995**	25,227	51,441
- Other retail loans	**79,015**	81,874	88,698
Corporate customers	**585,958**	380,433	278,695
Entities outside Mauritius	**91,756**	129,426	316,445
	801,813	621,409	741,120

Notes to the Financial Statements

For the year ended 31 December 2024

15. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(f) Allowance for credit impairment (Cont'd)

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
(a) Resident			
Retail customers			
- Credit cards	**5,089**	4,449	5,841
- Mortgages	**39,995**	25,147	51,032
- Other retail loans	**79,015**	80,710	86,465
Corporate customers	**177,214**	172,886	277,721
	301,313	283,192	421,059
(b) Non-Resident			
Retail customers			
- Mortgages	**-**	80	409
- Other retail loans	**-**	1,164	2,232
Corporate customers	**408,744**	207,547	974
Entities outside Mauritius	**91,756**	129,426	316,446
	500,500	338,217	320,061

(g) Investment in finance leases

The amount of investments in finance leases included in the loans and advances to customers.

	Up to 1 Year	Between 1 - 2 years	Between 2 - 3 years	Between 3 - 4 years	Between 4 - 5 years	Over 5 years	Dec-24 Total	Dec-23 Total	Dec-22 Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Gross investment in finance leases	**12,354**	**50,482**	**116,446**	**91,309**	**78,230**	**260,041**	**608,862**	588,324	606,327
Unearned finance income	**(12,059)**	**(46,544)**	**(87,015)**	**(58,290)**	**(39,080)**	**(86,671)**	**(329,659)**	(315,444)	(331,254)
Present value of minimum lease payments	**295**	**3,938**	**29,431**	**33,019**	**39,150**	**173,370**	**279,203**	272,880	275,073
Allowance for impairment	**(3)**	**(39)**	**(294)**	**(330)**	**(391)**	**(1,734)**	**(2,791)**	(2,729)	(2,751)
	292	**3,899**	**29,137**	**32,689**	**38,759**	**171,636**	**276,412**	270,151	272,322

Under finance lease, all the risks and rewards of ownership of the asset are transferred to the lessee. The term of the lease contract generally ranges from five to seven years. All finance lease receivables are secured over the asset leased and in some cases additional guarantees are taken from the lessee.

Amount due from lessees under finance leases are recorded under loans and advances. Finance lease income is allocated to the accounting period so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

Notes to the Financial Statements

for the year ended 31 December 2024

15. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(h) Allowance for expected credit loss by industry sectors

	Dec-24					Dec-23	Dec-22
	Gross amount of loans Rs 000	Impaired loans Rs 000	Stage 3 ECL Rs 000	Stage 1 & 2 ECL Rs 000	Total ECL Rs 000	Total ECL Rs 000	Total ECL Rs 000
Agriculture and fishing	388,126	-	-	1,039	1,039	84	2,403
Manufacturing	39,892	-	-	107	107	135	5,299
of which Export Processing Zone License holders	-	-	-	-	-	-	4,046
Tourism	704,031	9,350	1,223	1,884	3,107	3,930	13,689
Transport	658,001	237,976	237,229	1,379	238,608	266,999	267,677
Construction	1,273,575	128,710	38,547	3,385	41,932	43,585	165,145
Financial and business services	1,522,780	363,219	181,018	2,928	183,946	5,815	25,086
Traders	2,451,218	112,702	111,487	6,559	118,046	118,009	144,011
Personal	9,392,080	162,925	97,586	24,885	122,471	105,727	72,024
of which Residential Mortgages	7,522,152	50,686	14,202	20,128	34,330	39,557	93,688
Professional	11,287	-	-	31	31	35	105
Global business license holders	233,941	-	-	626	626	1,352	16,103
Others	1,974,276	462,646	88,995	2,905	91,900	75,738	29,578
of which government	1,352,179	462,576	70,200	1,381	71,581	74,125	74,125
	18,649,207	1,477,527	756,085	45,728	801,813	621,409	741,120

Notes to the Financial Statements

for the year ended 31 December 2024

15. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(h) Allowance for credit impairment by industry sectors (cont'd)

	Dec-24					Dec-23	Dec-22
(a) Resident	Gross amount of loans Rs 000	Impaired loans Rs 000	Stage 3 ECL Rs 000	Stage 1 & 2 ECL Rs 000	Total ECL Rs 000	Total ECL Rs 000	Total ECL Rs 000
Agriculture and Fishing	388,126	-	-	1,039	1,039	84	2,403
Manufacturing	39,892	-	-	107	107	135	1,253
of which Export Processing Zone License holders	-	-	-	-	-	-	-
Tourism	704,031	9,350	1,223	1,884	3,107	3,930	13,689
Transport	427,294	9,256	8,509	1,143	9,652	8,116	11,801
Construction	1,259,856	128,710	38,547	3,371	41,918	43,441	162,490
Financial and Business Services	830,116	1,019	1,019	2,221	3,240	3,029	10,259
Traders	2,451,194	112,702	111,487	6,559	118,046	117,697	140,117
Personal	9,243,386	162,925	97,586	24,733	122,319	105,226	70,850
of which Residential Mortgages	7,522,152	50,686	14,202	20,128	34,330	39,107	91,878
Global business license holders	233,941	-	-	626	626	1,352	16,103
Professional	11,287	-	-	31	31	35	105
Others	537,586	70	-	1,438	1,438	1,499	8,092
	16,126,709	424,032	258,371	43,152	301,523	284,544	437,162
(b) Non-Resident							
Agriculture and fishing	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	4,047
of which Export Processing Zone License holders	-	-	-	-	-	-	4,046
Tourism	-	-	-	-	-	-	-
Transport	230,707	228,720	228,720	236	228,956	258,883	255,876
Construction	13,719	-	-	14	14	144	2,655
Financial and Business Services	692,664	362,200	179,999	707	180,706	2,786	14,827
Traders	24	-	-	-	-	312	3,894
Personal	148,694	-	-	152	152	501	1,173
of which Residential Mortgages	-	-	-	-	-	450	1,810
Others	1,436,690	462,576	88,995	1,467	90,462	74,239	21,486
of which government	1,352,179	462,576	70,200	1,381	71,581	74,125	21,486
	2,522,498	1,053,496	497,714	2,576	500,290	336,865	303,958

Notes to the Financial Statements

for the year ended 31 December 2024

16. INVESTMENT SECURITIES

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Investment securities at fair value through OCI	**4,180,399**	2,427,459	1,402,874
Investment securities at amortised cost	**9,523,131**	10,625,229	10,937,676
	13,703,530	13,052,688	12,340,550
Less: Allowance for expected loss	**(9,844)**	(7,638)	(15,121)
	13,693,686	13,045,050	12,325,429
Current	**10,884,722**	8,471,553	6,066,361
Non-current	**2,808,964**	4,573,497	6,259,068

	Dec-23 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Investments at FVTOCI			
Equity shares in M Oriental Bank Ltd (Kenya)	**35,026**	26,086	29,854
Other equity investments	**6,029**	5,936	6,203
Bank/Government of Mauritius securities and other corporate bonds	**4,139,344**	2,395,437	1,366,817
	4,180,399	2,427,459	1,402,874
(a) **Resident**			
Bank/Government of Mauritius securities	**4,139,344**	2,395,437	1,366,817
Others	**3,276**	3,276	3,801
	4,142,620	2,398,713	1,370,618
(b) **Non-Resident**			
Equity shares in M Oriental Bank Ltd (Kenya)	**35,026**	26,086	29,854
Others	**2,753**	2,660	2,402
	37,779	28,746	32,256

The Bank holds 4,597,208 shares, representing 3.69% shareholding of M Oriental Bank Ltd, incorporated and operating in Kenya. The investment securities has been fair valued based on the market approach using the average Price to book ratio. The investment held in Industrial Finance Corporation of Mauritius (Equity) Ltd (formerly known as SME Equity Fund Ltd) has been valued using net asset value basis and investment in SWIFT has been valued using observable price as at 31 December 2024. Refer to note 2 (i). The Bank classified these investments as equity securities at FVOCI because these securities represent investments that the Bank intends to hold for the long term for strategic purposes. Refer to note 2 (i).

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Investments at amortised cost			
Government of Mauritius bonds	**921,701**	1,315,358	1,328,331
Treasury Bills / Notes issued by Government of Mauritius	**-**	181,038	180,923
BOM notes/Treasury notes	**404,088**	1,608,413	811,918
Corporate Bonds/Other Bank Placements	**8,197,342**	7,520,420	8,616,504
	9,523,131	10,625,229	10,937,676
Less: Allowance for expected loss	**(9,844)**	(7,638)	(15,121)
	9,513,287	10,617,591	10,922,555
(a) **Resident**			
Government of Mauritius bonds	**921,701**	1,315,358	1,328,331
Treasury Bills /issued by Government of Mauritius	**-**	181,038	180,923
BOM notes/Treasury notes	**404,088**	1,608,413	811,918
	1,325,789	3,104,809	2,321,172
Less: Allowance for expected loss	**(1,625)**	(3,840)	(7,338)
	1,324,164	3,100,969	2,313,834
(b) **Non-Resident**			
Corporate Bonds/Other Bank Placements	**8,197,342**	7,520,420	8,616,504
Less: Allowance for expected loss	**(8,219)**	(3,798)	(7,783)
	8,189,123	7,516,622	8,608,721

Notes to the Financial Statements

for the year ended 31 December 2024

16. INVESTMENT SECURITIES (CONT'D)

Investments at amortised cost (cont'd)

Remaining term to maturity - 2024	Up to 3 months Rs 000	3-6 months Rs 000	6-12 months Rs 000	1-5 years Rs 000	Total Rs 000
Government of Mauritius bonds	**350,278**	**-**	**-**	**571,423**	**921,701**
Treasury Bills / Notes issued by Government of Mauritius	**-**	**-**	**404,088**	**-**	**404,088**
BOM notes/Treasury notes/Corporate Bonds/ Other Bank Placements	**3,997,310**	**471,335**	**1,489,330**	**2,239,367**	**8,197,342**
	4,347,588	**471,335**	**1,893,418**	**2,810,790**	**9,523,131**

Remaining term to maturity - 2023	Up to 3 months Rs 000	3-6 months Rs 000	6-12 months Rs 000	1-5 years Rs 000	Total Rs 000
Government of Mauritius bonds	-	191,928	201,222	922,208	1,315,358
Treasury Bills / Notes issued by Government of Mauritius	-	80,058	100,980	-	181,038
BOM notes/Treasury notes/Corporate Bonds/ Other Bank Placements	4,306,780	719,796	480,778	3,621,479	9,128,833
	4,306,780	991,782	782,980	4,543,687	10,625,229

Remaining term to maturity - 2022	Up to 3 months Rs 000	3-6 months Rs 000	6-12 months Rs 000	1-5 years Rs 000	Total Rs 000
Government of Mauritius bonds	-	10,077	-	1,318,254	1,328,331
Treasury Bills / Notes issued by Government of Mauritius	-	-	-	180,923	180,923
BOM notes/Treasury notes/Corporate Bonds/ Other Bank Placements	2,315,161	1,163,197	1,175,592	4,774,472	9,428,422
	2,315,161	1,173,274	1,175,592	6,273,649	10,937,676

Notes to the Financial Statements

for the year ended 31 December 2024

17. RIGHT OF USE ASSETS

	Buildings		
	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Cost			
At 1 January	**116,780**	108,940	106,318
Additions	**18,266**	7,840	-
Remeasurement	**-**	-	2,622
At 31 December	**135,046**	116,780	108,940
Accumulated depreciation			
At 1 January	**47,006**	31,975	16,959
Charge for the year	**17,486**	15,031	15,016
At 31 December	**64,492**	47,006	31,975
Carrying amount			
At 31 December	**70,554**	69,774	76,965

The Bank leases various properties mainly to operate its branches. The average lease term is 5 years.

The Bank does not have an option to purchase the leased assets at the end of the lease term.

Amounts recognised in profit or loss under:

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Depreciation and amortisation - depreciation expense on right-of-use assets	**17,486**	15,031	15,016
Interest expense - interest expense on lease liabilities	**7,564**	6,457	6,900
Other expenses - expense relating to leases of low value assets	**-**	-	15
	25,050	21,488	21,931

At 31 December 2024, the Bank is committed to Rs 0.9 million (2023: Rs 1.1 million) for low-value assets.

The total cash outflow for leases amounted to Rs 24.1 million (2024: Rs 19.9 million) for the year.

LEASE LIABILITIES

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Resident			
Analysed as:			
Non-current	**65,294**	64,595	71,218
Current	**15,455**	14,470	13,399
	80,749	79,065	84,617
Disclosure required by IFRS 16			
Maturity analysis:			
Year 1	**15,455**	14,470	13,399
Year 2	**18,460**	14,127	14,470
Year 3	**18,776**	17,027	14,127
Year 4	**8,827**	17,227	17,026
Year 5	**5,310**	7,156	17,228
Onwards	**13,921**	9,058	8,367
	80,749	79,065	84,617

The Bank does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Bank's Finance department.

Notes to the Financial Statements

for the year ended 31 December 2024

18. PROPERTY AND EQUIPMENT

	Land and buildings	Computer and other equipment	Motor vehicles and furniture and fittings	Work in Progress	Total
Cost or Valuation	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 01 January 2022	304,128	176,751	236,852	8,152	725,883
Acquisitions	-	21,219	58	293	21,570
Revaluation	39,063	-	-	-	39,063
Reclassification to non current assets held for sale	(55,520)	-	-	-	(55,520)
Reclassification to intangible assets	-	-	-	(3,800)	(3,800)
Expensed during the year	-	-	-	(446)	(446)
Write off/scrapped	-	(480)	-	-	(480)
Balance as at 31 December 2022	**287,671**	**197,490**	**236,910**	**4,199**	**726,270**
Acquisitions	-	1,165	885	16,007	18,057
Reclassification from non current assets held for sale	55,520	-	-	-	55,520
Transfer to equipment and furniture	-	10,027	4,042	(14,069)	-
Disposal	-	(48)	-	-	(48)
Write off/scrapped	-	(13,475)	(5,367)	-	(18,842)
Balance as at 31 December 2023	343,191	195,159	236,470	6,137	780,957
Acquisitions	-	3,017	299	23,155	26,471
Disposal	-	(239)	(1,985)	-	(2,224)
Write off/scrapped	-	(209)	-	-	(209)
Balance as at 31 December 2024	**343,191**	**197,728**	**234,784**	**29,292**	**804,995**
Accumulated depreciation					
Balance as at 01 January 2022	**76,875**	**104,453**	**108,725**	**-**	**290,053**
Depreciation for the year	4,245	19,997	19,888	-	44,130
Reclassification to non current assets held for sale	(10,520)	-	-	-	(10,520)
Write off/scrapped	-	(398)	-	-	(398)
Balance as at 31 December 2022	**70,600**	**124,052**	**128,613**	**-**	**323,265**
Depreciation for the year	4,888	20,410	19,695	-	44,993
Disposal	-	(24)	-	-	(24)
Reclassification to non current assets held for sale	10,520	-	-	-	10,520
Write off/scrapped	-	(13,458)	(5,332)	-	(18,790)
Balance as at 31 December 2023	**86,008**	**130,980**	**142,976**	**-**	**359,964**
Depreciation for the year	5,494	20,725	18,816	-	45,035
Disposal	-	(215)	(1,985)	-	(2,200)
Write off/scrapped	-	(159)	-	-	(159)
Balance as at 31 December 2024	**91,502**	**151,331**	**159,807**	**-**	**402,640**
Net book value as at 31 December 2024	**251,689**	**46,397**	**74,977**	**29,292**	**402,355**
Net book value as at 31 December 2023	257,183	64,179	93,494	6,137	420,993
Net book value as at 31 December 2022	217,071	73,438	108,297	4,199	403,005
Net book value as at 31 December 2024					
Resident	**251,689**	**46,271**	**74,977**	**29,292**	**402,229**
Non-Resident	**-**	**126**	**-**	**-**	**126**
	251,689	**46,397**	**74,977**	**29,292**	**402,355**
Net book value as at 31 December 2023					
Resident	257,183	64,148	93,494	6,137	420,962
Non-Resident	-	31	-	-	31
	257,183	64,179	93,494	6,137	420,993
Net book value as at 31 December 2022					
Resident	217,071	73,332	107,998	4,199	402,600
Non-Resident	-	106	299	-	405
	217,071	73,438	108,297	4,199	403,005

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for the year ended 31 December 2024

18. PROPERTY AND EQUIPMENT (CONT'D)

	Dec-24	Dec-23	Dec-22
Assets disposed/scrapped/written-off during the year (cost)	**Rs 000**	Rs 000	Rs 000
Computer and equipment	**448**	13,523	480
Other assets	**1,985**	5,367	-
	2,433	18,890	480
Work in progress included in property and equipment as at year end were incurred for:			
(i) Renovation of branch	**1,696**	1,912	2,466
(ii) Others	**27,596**	4,225	1,733
	29,292	6,137	4,199

The Bank's land and buildings were last revalued in July 2023 by V.Ramjee & Associates Ltd (chartered valuer). The revalued amount was not materially different from the carrying amount at date of valuation. The basis of valuation is based on market value, defined in accordance with International Valuation Standard Committee.

The directors have assessed the fair value of the above assets at 31 December 2024 and have estimated the fair value to approximate their carrying value at that date.

The directors have assessed the carrying value of equipment and are of the opinion that no impairment is required at the reporting date. (2023: Nil, 2022: Nil)

Fully depreciated tangible assets:

The gross carrying amount of fully depreciated property, plant and equipment that were still in use consists of:

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
Computer and other equipment	**95,481**	90,795	95,492
Motor vehicles and furniture and fittings	**60,066**	46,407	46,455
	155,547	137,202	141,947

Land and Buildings excluding revaluation

If these land and buildings were stated on the historical cost basis, the net book value would have as follows:

	Dec-24	Dec-23	Dec-22
	Rs 000	Rs 000	Rs 000
Cost	**201,000**	201,000	201,000
Accumulated depreciation	**(90,944)**	(86,924)	(82,569)
Net	**110,056**	114,076	118,431

Notes to the Financial Statements

for the year ended 31 December 2024

19. INTANGIBLE ASSETS

	Computer Software	Work in Progress	Total
Cost	**Rs 000**	**Rs 000**	**Rs 000**
Balance as at 01 January 2022	**295,740**	**46,424**	**342,164**
Additions	12,037	30,217	42,254
Transfer to computer software	70,358	(70,358)	-
Expensed during the year	-	(5,382)	(5,382)
Reclassification from property and equipment	-	3,800	3,800
Balance as at 31 December 2022	**378,135**	**4,701**	**382,836**
Additions	-	41,483	41,483
Transfer to computer software	35,158	(35,158)	-
Expensed during the year	-	(115)	(115)
Balance as at 31 December 2023	**413,293**	**10,911**	**424,204**
Additions	12,293	35,879	48,172
Transfer to computer software	32,165	(32,165)	-
Balance as at 31 December 2024	**457,751**	**14,625**	**472,376**

	Computer Software	Work in Progress	Total
	Rs 000	**Rs 000**	**Rs 000**
Amortisation			
Balance as at 01 January 2022	**211,498**	**-**	**211,498**
Charge for the year	37,755	-	37,755
Balance as at 31 December 2022	**249,253**	**-**	**249,253**
Charge for the year	50,613	-	50,613
Balance as at 31 December 2023	299,866	-	299,866
Charge for the year	32,357	-	32,357
Balance as at 31 December 2024	332,223	-	332,223
Net book value			
Net book value as at 31 December 2024	**125,528**	**14,625**	**140,153**
Net book value as at 31 December 2023	113,427	10,911	124,338
Net book value as at 31 December 2022	128,882	4,701	133,583

The directors have assessed the carrying value of intangible assets and are of the opinion that no impairment is required at the reporting date. (2023: Nil, 2022: Nil). The remaining useful life of the ERP system is approximately 4 years.

	Computer Software	Work in Progress	Total
	Rs 000	**Rs 000**	**Rs 000**
Net book value as at 31 December 2024 by segments			
Resident	**125,528**	**14,625**	**140,153**
Net book value as at 31 December 2023 by segments			
Resident	113,427	10,911	124,338
Net book value as at 31 December 2022 by segments			
Resident	128,882	4,701	133,583

Notes to the Financial Statements

for the year ended 31 December 2024

20. DEFERRED TAX ASSETS

The movement on the deferred income tax account is as follows:-

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Balance as at 1 January	31,539	44,515	45,936
Profit or loss credit/(charge) (note 10)	25,681	(10,275)	(8,179)
Amount recognised directly in other comprehensive income:			
Deferred income tax on fair value adjustments on FVTOCI investments	(1,875)	(4,988)	8,312
Deferred tax on revaluation of buildings	(996)	-	(2,558)
Deferred tax on actuarial losses on retirement benefits obligations	6,352	2,287	1,004
Balance as at 31 December	60,701	31,539	44,515
Resident	28,615	22,083	34,989
Non-Resident	32,086	9,456	9,526
	60,701	31,539	44,515
Deferred tax assets			
Allowances for expected credit losses	48,711	24,988	35,555
Securities classified at FVTOCI	3,810	5,686	10,674
Retirement benefit obligations	15,545	6,566	4,910
Deferred tax on leases	7,231	-	-
	75,297	37,240	51,139

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Deferred tax liabilities			
Accelerated capital allowances	3,765	2,215	3,139
Revaluation reserve	4,481	3,486	3,485
Deferred tax on right of use-assets	6,350	-	-
	14,596	5,701	6,624
Net non-current	60,701	31,539	44,515

Deferred income tax is calculated on all temporary differences under the liability method using an effective tax rate of 9% (2023: 7% and 2022: 7%) for resident and an effective tax rate of 7% (2023: 5% and 2022: 5%) for non-resident.

Notes to the Financial Statements

for the year ended 31 December 2024

21. OTHER ASSETS

		Dec-24 Rs 000	Restated Dec-23 Rs 000	Restated Dec-22 Rs 000
	Non-Banking assets acquired in satisfaction of debts**	9,104	9,104	9,104
	Other receivables	247,639	292,692	269,638
		256,743	301,796	278,742
	Less: Allowance for expected loss	-	-	-
		256,743	301,796	278,742
	Current	243,361	286,908	255,485
	Non Current	13,382	14,888	23,257
(a)	**Resident**			
	Non-Banking assets acquired in satisfaction of debts	9,104	9,104	9,104
	Other receivables	243,132	286,209	242,315
		252,236	295,313	251,419
	Less: Allowance for expected loss	-	-	-
		252,236	295,313	251,419
(b)	**Non-Resident**			
	Other receivables	4,507	6,483	27,323
		4,507	6,483	27,323

22. DEPOSITS FROM CUSTOMERS

		Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
(a)	**Deposits comprise the following:**			
	Retail customers	19,018,506	11,808,463	10,597,683
	Corporate customers	4,095,465	4,301,439	3,681,227
	International customers	23,840,206	28,502,451	22,523,388
	Government	907,643	234,929	1,439,956
		47,861,820	44,847,282	38,242,254
	Current	36,275,018	42,987,143	36,733,029
	Non Current	11,586,802	1,860,139	1,509,225

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for the year ended 31 December 2024

22. DEPOSITS FROM CUSTOMERS (CONT'D)

(b) The table below shows the remaining term to maturity for deposits by type of customer:

			Time deposits with remaining term to maturity					
	Current accounts	**Savings accounts**	**Up to 3 months**	**Over 3 months and up to 6 months**	**Over 6 months and up to 12 months**	**Over 1 year and up to 5 years**	**Over 5 years**	**Total**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
At 31 December 2024								
Retail customers	**5,670,076**	**9,069,162**	**1,579,480**	**870,135**	**1,020,961**	**808,091**	**601**	**19,018,506**
Corporate customers	**760,550**	**568,088**	**839,190**	**500,272**	**923,928**	**503,437**	**-**	**4,095,465**
International customers	**11,305,762**	**310,748**	**9,222,553**	**2,045,357**	**784,309**	**171,477**	**-**	**23,840,206**
Government	**727,023**	**14,870**	**-**	**10,169**	**15,253**	**140,328**		**907,643**
Total	**18,463,411**	**9,962,868**	**11,641,223**	**3,425,933**	**2,744,451**	**1,623,333**	**601**	**47,861,820**
At 31 December 2023								
Retail customers	1,678,399	6,790,934	499,395	646,720	1,237,344	955,070	601	11,808,463
Corporate customers	1,382,376	354,009	574,219	539,332	891,986	559,517	-	4,301,439
International customers	15,415,017	2,437,111	6,587,638	1,919,911	1,937,228	205,546	-	28,502,451
Government	-	14,710	-	-	80,814	139,405	-	234,929
Total	18,475,792	9,596,764	7,661,252	3,105,963	4,147,372	1,859,538	601	44,847,282
At 31 December 2022								
Retail customers	2,002,009	7,075,698	326,584	90,644	275,876	826,872	-	10,597,683
Corporate customers	1,431,296	412,325	369,558	474,419	610,657	352,657	30,314	3,681,226
International customers	12,370,871	2,186,262	3,108,069	1,925,252	2,811,552	121,382	-	22,523,388
Government	36,232	15,225	110,500	500,000	600,000	178,000	-	1,439,957
Total	15,840,408	9,689,510	3,914,711	2,990,315	4,298,085	1,478,911	30,314	38,242,254

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for the year ended 31 December 2024

22. DEPOSITS FROM CUSTOMERS (CONT'D)

(c) Deposits by Segments

	Current accounts	**Savings accounts**	**Up to 3 months**	**Over 3 months and up to 6 months**	**Over 6 months and up to 12 months**	**Over 1 year and up to 5 years**	**over 5 years**	**Total**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
At 31 December 2024								
Resident	**4,080,708**	**8,151,857**	**1,667,745**	**1,015,869**	**1,688,665**	**1,419,466**	**601**	**18,024,911**
Non-Resident	**14,382,703**	**1,811,011**	**9,973,478**	**2,410,064**	**1,055,786**	**203,867**	**-**	**29,836,909**
At 31 December 2023								
Resident	3,611,822	7,886,133	1,911,053	1,200,205	2,187,795	1,635,190	601	18,432,799
Non-Resident	14,863,970	1,710,631	5,750,199	1,905,758	1,959,577	224,348	-	26,414,483
At 31 December 2022								
Resident	3,452,578	7,496,771	804,821	1,063,425	1,484,462	1,357,419	30,314	15,689,790
Non-Resident	12,387,830	2,192,739	3,109,890	1,926,890	2,813,623	121,492	-	22,552,464

Notes to the Financial Statements

for the year ended 31 December 2024

23. OTHER BORROWED FUNDS

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Short term borrowings from banks	**1,043,592**	371,339	1,414,503
Long term borrowings from other financial institutions	**358,042**	923,588	1,513,159
Other borrowings	**5,001**	5,002	5,002
	1,406,635	1,299,929	2,932,664
Current	**1,284,354**	965,079	2,007,870
Non current	**122,281**	334,850	924,794
Resident			
Short term borrowings from Banks	**-**	-	1,329,024
Other borrowings	**5,001**	5,002	5,002
	5,001	5,002	1,334,026
Long term domestic borrowing bear interest rates on average of 5%.			
Non-Resident			
Short term borrowings from banks abroad (at market rates)	**1,043,592**	371,339	85,479
Long term borrowings from other financial institutions	**358,042**	923,588	1,513,159
	1,401,634	1,294,927	1,598,638

Long term foreign borrowings bear interest rates ranging from 7.61% to 7.80%. (2023: 5% to 7.06%, 2022: 2.05% to 2.15%).

2024

Remaining term to maturity :	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**above 5 years**	**Total**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
Long term borrowings from other financial institutions/ bonds	**240,761**	**117,281**	**-**	**-**	**-**	**5,001**	**363,043**
Short term borrowings	**1,043,592**	**-**	**-**	**-**	**-**	**-**	**1,043,592**
	1,284,353	**117,281**	**-**	**-**	**-**	**5,001**	**1,406,635**

2023

Remaining term to maturity :	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	above 5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Long term borrowings from other financial institutions/ bonds	593,740	219,900	109,950	-	-	5,000	928,590
Short term borrowings	371,339	-	-	-	-	-	371,339
	965,079	219,900	109,950	-	-	5,000	1,299,929

2022

Remaining term to maturity :	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	above 5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Long term borrowings from other financial institutions/ bonds	593,367	588,667	220,750	110,375	-	5,002	1,518,161
Short term borrowings	1,414,503	-	-	-	-	-	1,414,503
	2,007,870	588,667	220,750	110,375	-	5,002	2,932,664

Notes to the Financial Statements

for the year ended 31 December 2024

24. SUBORDINATED LIABILITIES

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Remaining term to maturity :			
Within 1 year	**134,882**	135,470	194,062
Over 1 years and up to 2 years	**128,263**	128,971	125,776
Over 2 years and up to 3 years	**84,191**	128,971	125,776
Over 3 years and up to 4 years	**39,802**	84,485	125,777
Over 4 years and up to 5 years	**-**	40,000	82,888
Over 5 years	**595,000**	595,000	635,000
	982,138	1,112,897	1,289,279
Current	**134,882**	135,470	194,062
Non current	**847,256**	977,427	1,095,217
Resident			
Within 1 year	**40,056**	39,387	99,280
Over 1 years and up to 2 years	**39,802**	40,000	40,000
Over 2 years and up to 3 years	**39,802**	40,000	40,000
Over 3 years and up to 4 years	**39,802**	40,000	40,000
Over 4 years and up to 5 years	**-**	40,000	40,000
Over 5 years	**595,000**	595,000	635,000
	754,462	794,387	894,280
Non-Resident			
Within 1 year	**94,826**	96,083	94,782
Over 1 years and up to 2 years	**88,461**	88,971	85,776
Over 2 years and up to 3 years	**44,389**	88,971	85,776
Over 3 years and up to 4 years	**-**	44,485	85,777
Over 4 years and up to 5 years	**-**	-	42,888
Over 5 years	**-**	-	-
	227,676	318,510	394,999

Interest rates on the subordinated debts range between 5% and 8.825% (between 5% and 9.075% in 2023 and between 5% and 5% and 7.56% in 2022).

Movement in subordinated liabilities	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Opening balance	**1,112,897**	1,289,279	1,396,543
Redemptions/amortisation/exchange difference	**(130,759)**	(176,382)	(107,264)
Closing balance	**982,138**	1,112,897	1,289,279

25. CURRENT TAX LIABILITIES

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Special levy on Banks	**9,623**	9,623	9,624
Corporate social responsibility fund	**46**	-	667
Income tax	**28,443**	27,319	12,366
	38,112	36,942	22,657
Current	**38,112**	36,942	22,657

Notes to the Financial Statements

for the year ended 31 December 2024

26. OTHER LIABILITIES

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Bills payable	33,276	38,971	75,275
Advance interests received	129,673	117,035	87,067
Provision for expenses	74,887	123,026	136,305
Other payables	205,955	198,214	197,932
Allowances for off balance sheet exposures	5,453	5,079	15,564
	449,244	482,325	512,143
Current	449,244	482,325	512,143
Other payables consist of provisions for expenses, card settlement payables and unclaimed items.			
Resident			
Bills payable	33,276	38,971	75,275
Advance interests received	68,950	74,097	69,285
Provision for expenses	74,887	123,026	136,305
Other payables	161,217	182,707	157,577
Allowances for off balance sheet exposures	5,453	1,010	15,564
	343,783	419,811	454,006
Non-Resident			
Advance interests received	60,723	42,938	17,782
Other payables	44,738	15,507	40,355
Allowances for off balance sheet exposures	-	4,069	-
	105,461	62,514	58,137

27. EMPLOYEE BENEFIT OBLIGATIONS

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Employee benefit obligations under defined benefit plan			
Amounts recognised in the statement of financial position:	127,626	83,625	55,650
Amounts charged to profit or loss statement (note 8)	14,494	12,086	10,427
Amount charged to other comprehensive income	36,021	22,034	10,611
Employee benefit obligations under unfunded obligation			
Amounts recognised in the statement of financial position:	44,758	37,639	28,803
Amounts charged/(credited) to profit or loss (note 8)	5,664	(5,175)	4,959
Amount charged to other comprehensive income	1,456	14,012	5,036
Amount in the statement of financial position			
(a) Employee benefit obligations under defined benefit plan	127,626	83,625	55,650
(b) Employee benefit obligations under unfunded obligation	44,758	37,639	28,803
	172,384	121,264	84,453
Amounts charged to profit or loss statement (note 8)			
(a) Employee benefit obligations under defined benefit plan	14,494	12,086	10,427
(b) Employee benefit obligations under unfunded obligation	5,664	(5,175)	4,959
	20,158	6,911	15,386

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Amount charged to other comprehensive income			
(a) Employee benefit obligations under defined benefit plan	36,021	22,034	10,611
(b) Employee benefit obligations under unfunded obligation	1,456	14,012	5,036
	37,477	36,046	15,647

Notes to the Financial Statements

for the year ended 31 December 2024

27. EMPLOYEE BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits

The plan is a defined benefit arrangement, with benefits based on final salary. It provides for a pension at retirement and a benefit on death or disablement in service before retirement. The assets of the funded plan are held and independently administered by Swan Life Ltd.

The following information is based on actuarial valuation report dated 20 February 2025 by Swan Life Ltd:

(i) The amounts recognised in the statement of financial position are as follows:

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Present value of funded obligations	276,656	221,539	195,414
Fair value of plan assets	(149,030)	(137,914)	(139,764)
Liability in the statement of financial position	127,626	83,625	55,650

(ii) The movement in the defined benefit obligations over the year is as follows:

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
At 1 January	83,625	55,650	42,002
Amount recognised in profit or loss	14,494	12,086	10,429
Amount recognised in other comprehensive income (gross)	36,021	22,034	10,611
Contributions by the employer	(6,514)	(6,145)	(7,392)
At 31 December	127,626	83,625	55,650
Non-current	127,626	83,625	55,650

(iii) The movement in the defined benefit obligations the year is as follows:

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
At 1 January	221,539	195,413	192,377
Included in profit or loss			
Current service cost	9,576	8,276	8,222
Interest cost	11,427	11,438	7,186
Included in other comprehensive income			
Experience losses/(gains) on the liabilities	22,871	14,272	7,323
Changes in assumptions underlying the present value of the scheme	14,846	8,233	6,027
Other			
Benefits paid	(3,603)	(16,093)	(25,722)
At 31 December	276,656	221,539	195,413

(iv) The movement in the fair value of plan assets of the year is as follows:

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
At 1 January	137,914	139,763	150,375
Interest Income	7,228	8,209	5,639
Employer's contribution	6,514	6,146	7,392
Scheme expenses	(248)	(239)	(289)
Cost of insuring risk benefits	(470)	(343)	(371)
Actuarial gain	1,696	471	2,739
Benefits paid	(3,603)	(16,093)	(25,722)
At 31 December	149,031	137,914	139,763

Notes to the Financial Statements

for the year ended 31 December 2024

27. EMPLOYEE BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

(v) The amounts recognised in profit or loss are as follows:

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Current service cost	**9,576**	8,276	8,222
Scheme expenses	**248**	239	289
Cost of insuring risk benefits	**470**	343	371
Net interest cost	**4,200**	3,228	1,547
Total included in employee benefit expense	**14,494**	12,086	10,429
Actual return on plan assets	**8,923**	8,680	8,378

(vi) The amounts recognised in other comprehensive income are as follows:

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Gains on pension scheme assets	**(1,696)**	(471)	(2,739)
Experience losses on the liabilities	**22,871**	14,272	7,323
Changes in assumptions underlying the present value of the scheme	**14,846**	8,233	6,027
	36,021	22,034	10,611

(vii) Plan assets

The assets of the plan are invested in the Deposit Administration Policy underwritten by Swan Life Ltd. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes. It is a long-term investment Policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as Equity Funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4% p.a.

(viii) As the pension fund is expected to produce a smooth return, a fairly reasonable indication of future returns can be obtained by looking at historical ones. Therefore, the long term expected return on asset assumption has been based on historical performance of the pension fund.

In terms of the individual expected returns, the expected return on equities has been based on an equity risk premium above a risk free rate. The risk free rate has been measured in accordance to the yields on government bonds at the measurement date.

The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at the measurement date.

(ix) Average duration

The Weighted average duration of the liabilities at 31 December 2024 is 8 years.

(x) Future cash flows

The funding requirements of the defined benefit plan are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

Bank One Limited is expected to contribute MUR 6.6m to the pension scheme for the year ending 01 January 2026.

(b) Liability for unfunded pension plan

The liability relates to employees who are entitled to Retirement Gratuities payable under the Workers' Right Act (WRA). The latter provides for a lump sum at retirement based on final salary and years of service. All employees joining after 2008 will be entitled to receive the gratuity payment under the WRA.

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for the year ended 31 December 2024

27. EMPLOYEE BENEFIT OBLIGATIONS (CONT'D)

(b) Liability for unfunded pension plan (Cont'd)

The movement in the obligation of the unfunded pension plan of the year is as follows:

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
At 1 January	**37,639**	28,803	18,808
Amount recognised in profit or loss:			
Current service cost	**3,669**	5,213	4,075
Past service cost	**-**	(12,203)	-
Net interest cost	**1,995**	1,814	884
Amount recognised in profit or loss	**5,664**	(5,176)	4,959
Amount recognised in other comprehensive income (gross)	**1,455**	14,012	5,036
At 31 December	**44,758**	37,639	28,803

The weighted average duration of the liability as at 31 December 2024 is 11 years (2023: 11 years).

(c) Key assumption

The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	Dec-24 %	Dec-23 %	Dec-22 %
Funded pension liability			
Discount rate	**5.0**	5.2	6.1
Future salary growth rate	**4.0**	3.5	3.5
Unfunded pension liability			
Discount rate	**5.2**	5.3	6.3
Future salary growth rate	**4.0**	3.5	3.5

(d) Sensitivity analysis

Sensitivity analysis on both funded and unfunded benefit obligations to changes in the weighted principal assumptions is:

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Defined benefit funded scheme:			
1% increase in discount rate	**19,994**	16,912	15,034
1% decrease in discount rate	**(22,598)**	(19,190)	(17,093)
1% increase in future salary growth rate	**23,520**	20,449	19,905
1% decrease in future salary growth rate	**(21,237)**	(18,329)	(17,701)
Unfunded obligations			
1% increase in discount rate	**9,579**	(7,634)	(5,631)
1% decrease in discount rate	**(11,524)**	(9,375)	(7,326)
1% increase in future salary growth rate	**11,418**	9,431	7,011
1% decrease in future salary growth rate	**(9,636)**	(7,802)	(6,182)

Notes to the Financial Statements

for the year ended 31 December 2024

27. EMPLOYEE BENEFIT OBLIGATIONS (CONT'D)

(e) Risk exposure

The sensitivity analyses above have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods used in preparing the sensitivity analysis from prior years.

Through its defined pension benefit and unfunded plans, the Bank is exposed to a number of risks, the most significant of which are detailed below:

(i) Funded plan

Longevity risk: The plan liability is calculated by reference to the best estimate for the mortality of plan participants both during and after their employment. An increase in life expectancy of the plan participants will increase the plan liability.

Investment risk: The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

(ii) Unfunded plan

Longevity risk: The plan liability is calculated by reference to the best estimate for the mortality of plan participants both during and after their employment. An increase in life expectancy of the plan participants will increase the plan liability.

28. CONTINGENT LIABILITIES

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Acceptances on account of customers	**835,017**	424,260	99,666
Guarantees on account of customers	**1,588,179**	1,952,352	1,517,969
Letters of credit and other obligations on account of customers	**472,754**	590,734	769,853
Other contingent items	**1,690,122**	1,133,081	586,992
	4,586,072	4,100,427	2,974,480
Resident			
Acceptances on account of customers	**830,180**	8,448	11,864
Guarantees on account of customers	**1,206,228**	698,900	587,881
Letters of credit and other obligations on account of customers	**470,735**	1,670	7,777
	2,507,143	709,018	607,522
Non-Resident			
Acceptances on account of customers	**4,837**	415,812	87,802
Guarantees on account of customers	**381,951**	1,253,452	930,088
Letters of credit and other obligations on account of customers	**2,019**	589,064	762,076
Other contingent items	**1,690,122**	1,133,081	586,992
	2,078,929	3,391,409	2,366,958

Legal claims

Litigation is a common occurrence in the Banking industry due to the nature of the business undertaken. The Bank has formal control and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments for any adverse effects which the claims may have on the financial standing.

Notes to the Financial Statements

for the year ended 31 December 2024

28. CONTINGENT LIABILITIES (CONT'D)

The legal claims against the Bank is in respect of few customers who have alleged that breaches have been committed by the Bank which have resulted in the clients suffering financial losses. The Bank's legal counsel's opinion is that it is possible, but not probable, that the court ruling may be in favour of the claimant. Accordingly, no provision for any claim has been made in these financial statements. The possible outflow which could result from such litigation, based on the current status of the legal proceedings, is estimated to be insignificant, while the timing of the outflow is uncertain.

29. STATED CAPITAL

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Shares at no par value			
Stated capital	**1,456,456**	1,456,456	1,456,456
At start of year and end of the year	**1,456,456**	1,456,456	1,456,456
No of ordinary shares in issue (no par value)	**14,564,560**	14,564,560	14,564,560

Bank One Limited's share capital stood at MUR 1,456,456,000, represented by 14,564,560 ordinary shares of no par value, held equally between CIEL Finance Limited and I&M Group PLC.

Each share confers on the holder the right to:

- one vote on a poll at a meeting of the Bank on any resolution;
- an equal share in dividends authorised by the Board; and
- an equal share in the distribution of the surplus assets of the Bank.

30. COMMITMENTS

		Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
(a)	**Undrawn credit facilities**	**1,910,453**	2,795,582	1,976,757
	Resident	**973,636**	1,999,053	1,627,275
	Non-Resident	**936,817**	796,529	349,482

(b) Securities pledged

GOM bonds as collateral for the purpose of overnight facility from the Bank of Mauritius when required:

Treasury notes and GOM bonds as collateral for facilities availed under the Special Foreign Currency line of credit.

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Treasury/GOM bonds	**-**	-	396,000
Treasury notes/bills	**-**	-	27,000
	-	-	423,000

Notes to the Financial Statements

for the year ended 31 December 2024

31. RELATED PARTY TRANSACTIONS

	Nature of relationship	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Cash and cash equivalents	Related companies	**490,701**	860,803	713,678
Loans and advances	Related companies	**25,989**	169,257	789,401
	Directors	**-**	-	-
	Key management personnel	**63,673**	75,326	102,873
Deposits	Related companies	**854,184**	1,082,978	1,187,028
	Directors	**2**	122	93
	Key management personnel	**28,339**	52,530	37,171
Borrowings	Related company	**52,061**	143,099	6,730
Interest income	Related companies	**969**	1,285	3,207
	Directors	**-**	-	-
	Key management personnel	**2,421**	-	1,815
Interest expense	Related companies	**12,409**	7,348	1,979
	Directors	**-**	3	1
	Key management personnel	**997**	630	127
Fees and Expenses	Directors	**13,871**	11,030	9,528

Related companies relates to enterprises in which shareholders, key directors/key management personnel have significant interest as defined in the guideline issued by BOM.

Credit commitments for Director/Senior management personnel amounted to Rs 21.75m. Bank guarantees and committed lines for related companies amounts to Rs 240.98m.

Terms and conditions of transactions with related parties

The above related party transactions were carried out under normal business terms and conditions and were subject to interest wherever applicable. None of exposures granted to related parties was impaired at 31 December 2024 (2023 and 2022: nil).

(a) Key Management personnel compensation

	Dec-24 Rs 000	Dec-23 Rs 000	Dec-22 Rs 000
Salaries and short term employee benefits	**86,680**	109,040	99,905
Post employment benefits	**4,909**	5,606	5,905

There are no other long term benefits, termination benefits or share based payments payable to key management personnel.

Notes to the Financial Statements

for the year ended 31 December 2024

32. SEGMENTAL STATEMENT OF FINANCIAL POSITION

Statement of Financial Position

	Dec-24			Dec-23			Dec-22		
	BANK Rs 000	RESIDENT Rs 000	NON-RESIDENT Rs 000	BANK Rs 000	RESIDENT Rs 000	NON-RESIDENT Rs 000	BANK Rs 000	RESIDENT Rs 000	NON-RESIDENT Rs 000
ASSETS									
Cash and cash equivalents	**17,090,743**	**8,411,722**	**8,679,021**	8,462,698	2,558,825	5,903,873	6,898,615	258,188	6,640,427
Derivative assets held for risk management	**33,666**	**-**	**33,666**	4,580	1,971	2,609	3,116	3,037	79
Non-current asset held for sale	**-**	**-**	**-**	-	-	-	45,000	45,000	-
Loan and advances to Banks	**5,795,705**	**-**	**5,795,705**	8,873,984	-	8,873,984	5,147,185	-	5,147,185
Loan and advances to customers	**17,847,394**	**15,825,508**	**2,021,886**	19,129,086	16,146,655	2,982,431	20,180,265	16,088,263	4,092,002
Investment securities - FVTOCI	**4,180,399**	**4,142,620**	**37,779**	2,427,459	2,398,713	28,746	1,402,874	1,370,618	32,256
Investment securities - Amortised cost	**9,513,287**	**1,324,164**	**8,189,123**	10,617,591	3,100,969	7,516,622	10,922,555	2,313,834	8,608,721
Right-Of-Use assets	**70,554**	**70,554**	**-**	69,774	69,774	-	76,965	76,965	-
Property and equipment	**402,355**	**402,229**	**126**	420,993	420,962	31	403,005	402,600	405
Intangible asset	**140,153**	**140,153**	**-**	124,338	123,407	931	133,583	131,983	1,600
Deferred tax asset	**60,701**	**28,615**	**32,086**	31,539	22,083	9,456	44,515	44,515	-
Other assets	**256,743**	**252,236**	**4,507**	2,008,376	2,001,893	6,483	1,571,519	1,544,196	27,323
Total assets	**55,391,700**	**30,597,801**	**24,793,899**	52,170,418	26,845,252	25,325,166	46,829,197	22,279,199	24,549,998
Liabilities									
Deposits from customers	**47,861,820**	**18,024,911**	**29,836,909**	44,847,282	18,432,799	26,414,483	38,242,254	15,689,790	22,552,464
Derivative liabilities held for risk management	**18,981**	**-**	**18,981**	39,434	33,867	5,567	26,439	818	25,621
Other borrowed funds	**1,406,635**	**5,001**	**1,401,634**	1,299,929	5,002	1,294,927	2,932,664	1,334,026	1,598,638
Subordinated liabilities	**982,138**	**754,462**	**227,676**	1,112,897	794,387	318,510	1,289,279	894,280	394,999
Employee benefit obligations	**172,384**	**172,384**	**-**	121,264	121,264	-	84,453	84,453	-
Current tax liabilities	**38,112**	**38,112**	**-**	36,942	36,942	-	22,657	22,657	-
Other liabilities	**449,244**	**343,783**	**105,461**	482,325	419,811	62,514	512,143	454,006	58,137
Lease liabilities	**80,749**	**80,749**	**-**	79,065	79,065	-	84,617	84,617	-
	51,010,063	**19,419,402**	**31,590,661**	48,019,138	19,923,137	28,096,001	43,194,506	18,564,647	24,629,859
Shareholders' Equity									
Stated Capital	**1,456,456**	**-**	**-**	1,456,456	-	-	1,456,456	-	-
Retained earnings	**1,870,717**	**-**	**-**	2,021,147	-	-	1,646,082	-	-
Other reserves	**1,054,464**	**-**	**-**	673,677	-	-	532,153	-	-
	4,381,637	**-**	**-**	4,151,280	-	-	3,634,691	-	-
TOTAL EQUITY AND LIABILITIES	**55,391,700**	**-**	**-**	52,170,418	-	-	46,829,197	-	-

Notes to the Financial Statements

for the year ended 31 December 2024

33. SEGMENTAL STATEMENT OF PROFIT OR LOSS

Statement of profit or loss

	Dec-24			Dec-23			Dec-22		
	BANK	RESIDENT	NON-RESIDENT	BANK	RESIDENT	NON-RESIDENT	BANK	RESIDENT	NON-RESIDENT
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Interest income	**2,647,641**	**1,364,445**	**1,283,196**	2,352,766	1,206,714	1,146,052	1,393,221	665,234	727,987
Interest expense	**(1,307,618)**	**(555,349)**	**(752,269)**	(1,083,860)	(534,154)	(549,706)	(399,407)	(199,721)	(199,686)
Net interest income	**1,340,023**	**809,096**	**530,927**	1,268,906	672,560	596,346	993,814	465,513	528,301
Fee and commission income	**393,543**	**147,655**	**245,888**	400,946	122,703	278,243	457,051	107,240	349,811
Fee and commission expense	**(184,557)**	**(119,957)**	**(64,600)**	(138,951)	(70,841)	(68,110)	(127,650)	(55,183)	(72,467)
Net fee and commission income	**208,986**	**27,698**	**181,288**	261,995	51,862	210,133	329,401	52,057	277,344
Net gain on dealing in foreign currencies and derivatives	**349,292**	**109,452**	**239,840**	255,594	59,375	196,219	178,747	86,411	92,336
Net gain from derecognition of financial assets measured at fair value through other comprehensive income	**359**	**359**	**-**	733	733	-	3,111	3,111	-
Other operating income/ (loss)	**571**	**571**	**-**	(55)	(55)	-	1,746	1,746	-
	350,222	**110,382**	**239,840**	256,272	60,053	196,219	183,604	91,268	92,336
Operating income	**1,899,231**	**947,176**	**952,055**	1,787,173	784,475	1,002,698	1,506,819	608,838	897,981
Non Interest Expenses									
Personnel expenses	**(633,411)**			(674,637)			(617,351)		
Depreciation and amortisation	**(94,878)**			(110,637)			(96,901)		
Other expenses	**(415,833)**			(323,319)			(290,473)		
	(1,144,122)			(1,108,593)			(1,004,725)		
Profit before Impairment	**755,109**			678,580			502,094		
Net impairment (loss)/ reversal on financial assets	**(156,244)**			132,150			33,476		
Profit before income tax	**598,865**			810,730			535,570		
Income tax expense	**(31,451)**			(54,920)			(41,745)		
Profit after tax	**567,414**			755,810			493,825		

Notes to the Financial Statements

for the year ended 31 December 2024

34. IMPACT OF PRIOR YEAR RESTATEMENT

A. Minimum cash balance wrongly classified

Section 49 of the Bank of Mauritius Act provides that the Central Bank of Mauritius may require all banks to maintain a minimum cash balance of up to 25% of each bank's total deposit and other liabilities as the Central Bank of Mauritius may specify.

On average, over a maintenance period of 28 days, the bank shall maintain minimum cash balances equivalent to 9% of their average Mauritian rupee and foreign currency deposit in the preceding 28-day period. In prior period, management has considered that the minimum cash balance was restricted and as such the balance was classified as a receivable under other asset. In the current period, management has reassessed the classification of the minimum cash balance and consider that the classification was not proper on the basis that the bank can use the funds overnight. The nature of restriction does not change the nature of the minimum cash balance in a way that it woud not meet the definition of cash in IAS 7. During the maintenance period of 28 days, the Bank do have access to use the funds and are allowed to replenish same as and when required. As such, the minimum cash balance of Rs 1,706,580,000 for 2023 (2022: Rs 1,292,777,000) meets the criteria to be considered as cash and cash equivalents.

B. Change in borrowing from banks and investment securities with tenor of less than 3 months wrongly classified in the statement of cash flows

The movement in borrowings from banks of Rs 292,057,000 for 2023 (2022: Rs 525,299,000) and investment securities with tenor life of less than 3 months of Rs 112,744,000 for 2023 have been wrongly classified within net cash (used in)/ generated from financing activities and net cash (used in)/generated from investing activities respectively in the statement of cash flows.

In line with IAS 8 – Accounting policies, changes in accounting estimates and errors, the prior year figures were restated to reflect the proper classification of the minimum cash balance, borrowings from banks and investment securities under cash and cash equivalent.

The effect of the restatement on the financial statement as at 01 January 2023 and 31 December 2023 are as follows:

Extract of the Statement of Financial Position

	As previously stated	Impact of restatement	As restated
	31-Dec-22		31-Dec-22
	Rs 000	Rs 000	Rs 000
Other assets	1,571,519	(1,292,777)	278,742
Cash and cash equivalent	6,898,615	1,292,777	8,191,392

	As previously stated	Impact of restatement	As restated
	31-Dec-23		31-Dec-23
	Rs 000	Rs 000	Rs 000
Other assets	2,008,376	(1,706,580)	301,796
Cash and cash equivalent	8,462,698	1,706,580	10,169,278

Notes to the Financial Statements

for the year ended 31 December 2024

34. IMPACT OF PRIOR YEAR RESTATEMENT (CONT'D)

Extract of the Statement of Cash Flows

	As previously stated	Impact of restatement	As restated
	31-Dec-22		31-Dec-22
	Rs 000	Rs 000	Rs 000
Net cash used in operating activities	(3,616,159)	1,292,777	(2,323,382)
Net cash used in financing activities	256,750	(525,299)	(268,549)
Cash and cash equivalents at end of year	6,898,615	767,478	7,666,093

	As previously stated	Impact of restatement	As restated
	31-Dec-23		31-Dec-23
	Rs 000	Rs 000	Rs 000
Net cash generated from operating activities	4,489,024	1,706,580	6,195,604
Net cash used in investing activities	(824,329)	112,744	(711,585)
Net cash used in financing activities	(2,100,612)	292,057	(1,808,555)
Cash and cash equivalents at end of year	8,462,698	1,586,082	10,048,780

35. SUBSEQUENT EVENT

No subsequent event to be reported.

Notes

Notes

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