Bank One Limited
November 21, 2022

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating[1]	Rating Action
Long Term Bond Issue (Tier II)	**600**	**CARE MAU A+; Stable [Single A Plus; Outlook: Stable]**	Reaffirmed

RATING RATIONALE

The rating assigned to the bond issue of Bank One Limited primarily factors in the revival post covid into profitability in FY21 after incurring losses in FY20. The rating continues to factor in the healthy Capital Adequacy Ratio (CAR), which has been maintained at levels well above the regulatory requirements to ensure that depositors are adequately protected against potential losses arising from unexpected shocks. With the deposit base of Bank One comprising of significant portion of Current Account & Saving Account (CASA) deposits and coupled with satisfactory rollover rates of the deposits, the Bank is able to source funding at low cost to provide loans & advances to customers. Additionally, the liquidity level as calculated as per the Liquidity Coverage Ratio (LCR) suggest that the Bank maintains sufficient high-quality liquid assets to meet short-term liquidity needs which may arise under severe stress scenario.

Following previous defaults from major clients leading to Bank One incurring losses in the prior period, the Bank has strengthened its approach to risk management and mitigation which has contributed to a drastic reduction in the Gross and Net NPA to more comfortable levels.

Bank One also draws additional benefits from being part of the CIEL Group (through 50% shareholding from CIEL Finance Limited) which provides assurance that the Bank can rely on promoter support should the need arise.

The rating is however constrained by the fact that Bank One is a medium-sized bank in an increasingly competitive Mauritian banking sector, the contraction in the loan book and deposit base over the last two years and risks associated to exposures in geographies carrying relatively high risk.

Rating Sensitivities:

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Growth of more than 30% in deposit base and loans & advances book
- Improvement in asset quality on a consistent basis

Negative Factors - Factors that could lead to negative rating action/downgrade:

- Significant dip in the regulatory ratios
- Continued contraction in the deposit base and loans & advances book
- Deterioration in asset quality

BACKGROUND

Bank One Limited ("Bank One") is a Mauritian based mid-sized private sector bank which provides retail, corporate, and private banking products and services in Mauritius and internationally (primarily in Africa). Headquartered in Port Louis, the bank provides a wide range of banking products and services to its clients through a network of 7 branches and a well-distributed ATM network. The bank has over 50,000 clients with a deposit and advances base of MUR 37 billion and MUR 20 billion, respectively as on June 30, 2022.

[1]Complete definitions of the ratings assigned are available at www.careratingsafrica.com.

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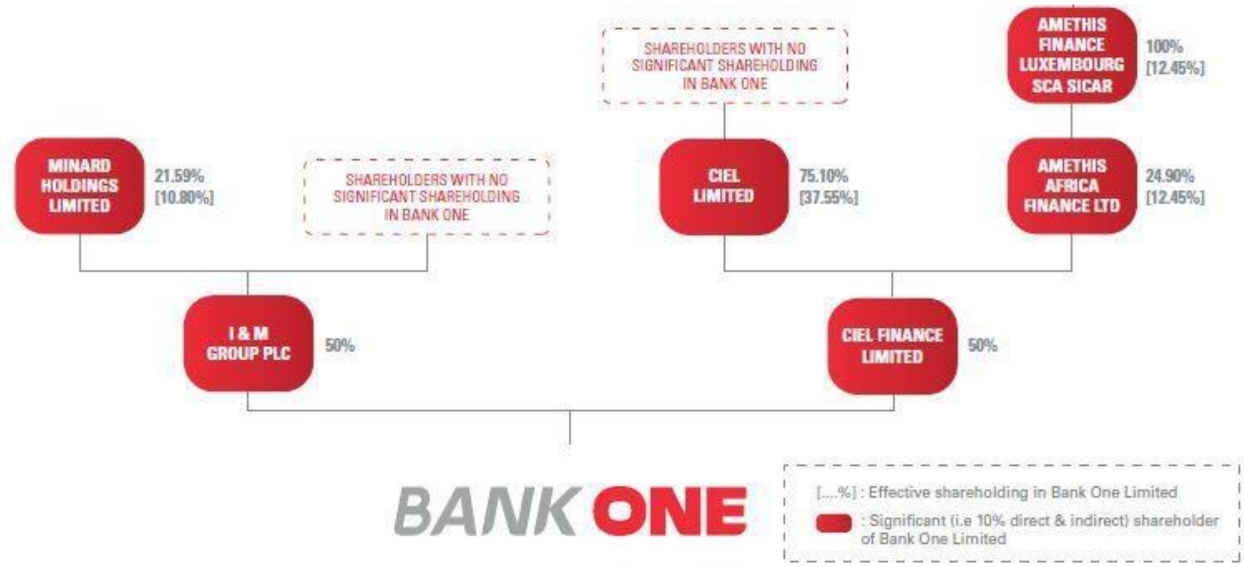
Bank One was incorporated on March 26 2002, as Del Subs Company Limited and renamed as First City Bank Ltd. In February 2008, First City Bank Ltd. was acquired by a joint venture between CIEL Finance Limited [rated CARE MAU A; Stable and 75.1% subsidiary of CIEL Limited (rated CARE MAU A+; Positive/CARE MAU A1)] and I&M Holdings Limited of Kenya with both entities owning sizeable banking operations in Madagascar, Kenya, Tanzania and Rwanda. In August 2008, First City Bank Ltd. was rechristened as Bank One Limited.



Below is a summary of the financial performance of Bank One:

December 31/ June 30,	FY19	FY20	FY21	H1FY22
Total Income	2,501	2,375	2,050	854
PAT	630	(492)	414	160
Advances	29,879	20,640	20,811	20,094
Deposits	48,139	48,050	37,916	36,770
Borrowings	3,163	5,154	3,540	3,303
ROTA	1.32%	-	0.81%	
RONW	21.74%	-	12.54%	
Capital Adequacy Ratio (CAR)	14.71%	19.81%	20.89%	20.19%
Gross NPA to Gross Advances	4.23%	9.02%	3.23%	
Net NPA to Net Advances	1.05%	2.05%	0.56%	
Net NPA to Tangible Networth	9.42%	13.21%	3.46%	

Disclaimer

CARE Ratings (Africa) Private Limited ("CRAF")'s ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRAF's ratings do not convey suitability or price for the investor. CRAF's ratings do not constitute an audit on the rated entity. CRAF has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CRAF does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CRAF have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CRAF may also have other commercial transactions with the entity.
In case of partnership/proprietary concerns, the rating /outlook assigned by CRAF is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CRAF is not responsible for any errors and states that it has no financial liability whatsoever to the users of CRAF's rating.
CRAF's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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Annexure I

Rating Symbols
Long /Medium-term Instruments

Symbols	***Rating Definition***
CARE MAU AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry very low credit risk.
CARE MAU A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry moderate credit risk.
CARE MAU BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU AA to CARE MAU C. The modifiers reflect the comparative standing within the category. A suffix of '(SO)' may be added to the rating indicating that the instrument / facility is a "Structured Obligation". A prefix of 'Provisional' may be added to a 'SO' rating indicating that the rating is subject to completion of certain conditions.

Rating Outlook
The rating outlook can be 'Positive', 'Stable' or 'Negative'.
A 'Positive' outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.
A 'Negative' outlook would indicate an expected downgrade in the credit ratings in the medium term on account of expected negative impact on the credit risk profile of the entity in the medium term.
A 'Stable' outlook would indicate expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

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About CARE Ratings (Africa) Private Limited:
CARE Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius in May 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 2016. CRAF is also licensed by Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya. CRAF intends to expand across other geographies in Africa with Mauritius as its hub of operations. With an equitable position in the Mauritius capital market, CARE Ratings (Africa) Private Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.
CRAF's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited.
CRAF gets its technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings Limited on an ongoing basis. CARE Ratings Limited, with an established track record of rating companies over almost three decades, follows a robust and transparent rating process that leverages its domain and analytical expertise backed by the methodologies congruent with the international best practices.
CRAF's Rating Committee consist of full-time members comprising of Senior Rating officials from CARE Ratings Limited and a panel of experienced professionals from Mauritius and African Development Bank.
CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.