BANK ONE

Highlights

Bank One Limited delivered profit before impairment of Rs289m for the year ended December 2014. Despite net provisions of Rs153m made on impaired accounts and the writing off of goodwill relating to the purchase of Edge Forex business in 2008, the Bank achieved a Profit after Tax of Rs117m as compared to Rs54m for the previous year.

As a result of the not so favourable financial and economic environment that prevailed in both the local and global markets, total assets grew marginally by 2% from Rs17.7bn to Rs18.1bn as at the end of 2014. Persisting excess liquidity in the local market coupled with the sluggish growth in the private sector investments encouraged the Bank to slacken the pace of balance sheet growth.

Total deposits grew by 2% compared to 2013. The conscious move to reduce high cost term deposits taken last year (both for segment A and B) continued. Consequently, the low cost deposit ratio improved from 55% in 2013 to 62% in 2014.

The gross loans and advances were 6% lower than December 2013. Implementation of macroprudential policy measures by the Bank of Mauritius in the second half of 2014 impacted the credit demand both for the Retail and Corporate segments given the listless economic situation caused mainly by lack of new projects. The Segment A and Segment B advances thus contracted by 5% and 6% respectively. This was due to the Bank conducting a review of its entire credit process in alignment with the new regulations and tightened internal controls.

The impaired loan portfolio closed at Rs941m against Rs820m as at December 2013.

The measures taken by the Bank to improve the cost of funds as described earlier improved the net interest income by 16%.

Other income improved by Rs106m in 2014 as compared to 2013. After the severe losses experienced last year, Treasury operations were back on track and realised total income of Rs49m this year.

Initiatives that were taken last year to control the non interest expenses continued resulting in an improved cost to income ratio of 60% (68% in 2013).
The Bank maintained a capital adequacy ratio of 12.87% as at December 2014 in accordance with the Basel III requirements that came into effect in Mauritius in 2014.

2014 has been a year of consolidation for Bank One Limited and the objective for 2015 will be to continue to grow the local business and also to focus on business expansion in the East African region and India. To assist the Bank in achieving its objectives, high-calibre experienced professionals are being recruited in the sales as well as support services.

Audited Statement of Financial Position as at 31 December 2014

	Dec-14 Rs 000	Dec-13 Rs 000	Dec-12 Rs 000
ASSETS			
Cash and cash equivalents	**4,724,580**	3,267,226	4,315,788
Derivative assets held for risk management	**982**	1,787	12,984
Loans and advances to banks	**313,830**	148,577	-
Loans and advances to customers	**10,543,587**	11,552,858	11,947,585
Investment securities	**1,294,424**	1,489,223	1,567,109
Property and equipment	**328,056**	310,561	328,909
Intangible assets	**37,728**	62,356	55,371
Deferred tax assets	**59,641**	25,982	31,873
Other assets	**750,487**	839,346	1,143,963
Total assets	**18,053,315**	17,697,916	19,403,582
LIABILITIES			
Deposits from customers	**15,470,040**	15,162,715	17,198,221
Derivative liabilities held for risk management	**13,477**	5,040	3,037
Subordinated liabilities	**426,732**	428,386	330,815
Other borrowed funds	**372,642**	480,747	367,505
Current tax liabilities	**20,504**	20,017	10,020
Other liabilities	**277,239**	252,522	363,828
Total liabilities	**16,580,634**	16,349,427	18,273,426
EQUITY			
Stated capital	**731,456**	731,456	551,456
Retained earnings	**471,510**	444,655	414,374
Other reserves	**269,715**	172,378	164,326
Total equity	**1,472,681**	1,348,489	1,130,156
Total equity and liabilities	**18,053,315**	17,697,916	19,403,582

These financial statements were approved and authorised for issue by the Board of Directors on 13th March 2015

David Proctor
Chairman of the Board of Directors

Ravneet Chowdhury
Chief Executive Officer

Jean Pierre Dalais
Director

Audited Statement of profit or loss for the year ended 31 December 2014

	Year ended Dec-14 Rs 000	Year ended Dec-13 Rs 000	Year ended Dec-12 Rs 000
Interest income	**914,867**	972,054	903,845
Interest expense	**(350,123)**	(486,046)	(507,199)
Net interest income	**564,744**	486,008	396,646
Fee and commission income	**180,253**	186,862	142,481
Fee and commission expense	**(76,327)**	(68,408)	(35,424)
Net fee and commission income	**103,926**	118,454	107,057
Net gain/(loss) on dealing in foreign currencies and derivatives	**48,998**	(70,210)	135,291
Other operating income	**3,739**	2,313	8,462
	52,737	(67,897)	143,753
Operating income	**721,407**	536,565	647,456
Personnel expenses	**(254,286)**	(224,487)	(232,913)
Depreciation and amortisation	**(37,850)**	(36,202)	(35,649)
Other Expenses	**(140,361)**	(106,503)	(112,579)
	(432,497)	(367,192)	(381,141)
Profit before impairment	**288,910**	169,373	266,315
Net impairment loss on financial assets	**(153,444)**	(88,800)	(46,025)
Impairment loss on intangible assets	**(15,147)**	-	-
	(168,591)	(88,800)	(46,025)
Profit before exceptional item	**120,319**	80,573	220,290
Profit on sale and recovery of assets	**-**	-	4,378
Profit before income tax	**120,319**	80,573	224,668
Income tax expense	**(3,199)**	(26,895)	(21,300)
Profit for the year	**117,120**	53,678	203,368
Basic earnings per share (Rs)	**16.01**	8.50	36.88

Audited Statement of Cash Flows for the year ended 31 December 2014

	Year ended Dec-14 Rs 000	Year ended Dec-13 Rs 000	Year ended Dec-12 Rs 000
Net cash from/(used in) operating activities	**1,385,181**	(1,465,949)	546,005
Net cash from investing activities	**167,924**	58,350	245,244
Net cash (used in)/ from financing activities	**(95,751)**	359,037	337,505
Net increase/(decrease) in cash and cash equivalents	**1,457,354**	(1,048,562)	1,128,754
Cash and cash equivalents as at Jan 1,	**3,267,226**	4,315,788	3,187,034
Cash and cash equivalents as at Dec 31,	**4,724,580**	3,267,226	4,315,788

Audited Statement of comprehensive income for the year ended 31 December 2014

	Year ended Dec-14 Rs 000	Year ended Dec-13 Rs 000	Year ended Dec-12 Rs 000
Profit for the year	**117,120**	53,678	203,368
Other Comprehensive Income :			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	**(6,433)**	(15,345)	269
Revaluation on building net of tax	**3,208**	-	-
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain on available for sale investment securities	**10,297**	-	10,770
Other Comprehensive Income for the year	**7,072**	(15,345)	11,039
Total Comprehensive Income for the year	**124,192**	38,333	214,407

Audited Statement of Changes in Equity for the year ended 31 December 2014

	Stated capital Rs 000	Revaluation surplus Rs 000	Statutory reserve Rs 000	General Banking reserve Rs 000	Fair value reserve Rs 000	Retirement Benefit plan reserve Rs 000	Retained earnings Rs 000	Total Equity Rs 000
Balance as at 1 January 2012	551,456	75,687	54,919	-	(7,555)	(4,320)	275,562	945,749
Profit for the year	-	-	-	-	-	-	203,368	203,368
Other comprehensive income for the year	-	-	-	-	10,770	269	-	11,039
Total comprehensive income	-	-	-	-	10,770	269	203,368	214,407
Transfer to statutory reserve	-	-	30,505	-	-	-	(30,505)	-
Dividend	-	-	-	-	-	-	(30,000)	(30,000)
Balance as at 31 December 2012	**551,456**	**75,687**	**85,424**	**-**	**3,215**	**(4,051)**	**418,425**	**1,130,156**
Balance as at 1 January 2013	551,456	75,687	85,424	-	3,215	(4,051)	418,425	1,130,156
Issue of shares	180,000	-	-	-	-	-	-	180,000
Profit for the year	-	-	-	-	-	-	53,678	53,678
Other comprehensive income for the year	-	-	-	-	-	(15,345)	-	(15,345)
Total comprehensive income	-	-	-	-	-	(15,345)	53,678	38,333
Transfer to statutory reserve	-	-	8,052	-	-		(8,052)	-
Balance as at 31 December 2013	**731,456**	**75,687**	**93,476**	**-**	**3,215**	**(19,396)**	**464,051**	**1,348,489**
Balance as at 1 January 2014	731,456	75,687	93,476	-	3,215	(19,396)	464,051	**1,348,489**
Profit for the year	-	-	-	-	-	-	117,120	**117,120**
Other comprehensive income for the year	-	3,208	-	-	10,297	(6,433)	-	**7,072**
Total comprehensive income	-	3,208	-	-	10,297	(6,433)	117,120	**124,192**
Transfer to general banking reserve	-	-	-	92,093	-	-	(92,093)	**-**
Transfer to statutory reserve	-	-	17,568	-	-	-	(17,568)	**-**
Balance as at 31 December 2014	**731,456**	**78,895**	**111,044**	**92,093**	**13,512**	**(25,829)**	**471,510**	**1,472,681**

Independent Auditor's Report

To the Shareholders of BANK ONE LIMITED

Report on the Financial Statements

We have audited the financial statements of BANK ONE LIMITED (the "Bank") on pages 87 to 151 which comprise the statement of financial position at 31 December 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001, the Banking Act 2004 and regulations and guidelines of 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements on pages 87 to 151 give a true and fair view of the financial position of the Bank at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

Report on Other Legal and Regulatory Requirements

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;
(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.

Banking Act 2004

The 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 Banking Act 2004 and the regulations and guidelines of 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.

Financial Reporting Act 2004

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the "Code") as disclosed in the annual report on pages 20 to 40 and on whether the disclosure is consistent with the requirements of the Code.
In our opinion, the disclosure in the annual report on pages 20 to 40 is consistent with the requirements of the Code.

Mushtaq Oosman,
licensed by FRC

PricewaterhouseCoopers
13 March 2015