

HIGHLIGHTS

Bank one Limited closed 2013 with a profit after tax of 54 m notwithstanding two exceptional charges on account of treasury operations in first quarter 2013 and a specific impairment provision made on a potential non performing asset.

Excluding these one off events, the Bank would have generated a total profit after tax in excess of Rs200m. Total assets were lower by 9% from Rs19.4bn to Rs17.7bn as at the end of 2013.

Total deposits dwindled by 12% compared to Dec 2012. There was a conscious move to trim down some high cost term deposits (both for segment A and B) on maturity due to limited redeployment opportunities as well as to improve the cost of funds.

The gross loans and advances were slightly lower than Dec 2012. While Segment A advances increased by Rs260m (contribution mainly by the retail segment while lending to high risk local corporate were limited), lending to foreign companies was undertaken selectively leading to a fall in Segment B advances by 10%.

The impaired balances moved up from Rs417m in Dec 2012 to Rs820m as at Dec 2013 due to the classification of some delinquent accounts.

Net interest income improved by 23% with better management of assets and liabilities.

In line with a higher average performing loan book in 2013, the interest on loans and advances has expanded.

The interest paid on deposits to customers was lower compared to 2012 with improved low cost deposit to total deposit ratio and maturing high cost fixed rate deposits being withdrawn or renewed at lower prevailing rates.

Other income came down by 80% due to treasury impact which got partially offset by the higher net fees earned on e commerce business.

Non interest Expenses stayed well within the budget as a result of a tight cost control program and the cost to income ratio stood at 68% in 2013.

The shareholders strong support to the Bank continued with the infusion of Rs180m as additional capital during 2013. The Bank maintained a capital adequacy ratio at 12.97% as at Dec 2013.

The prime focus for 2014 will be to consolidate the domestic business and to pursue business expansion by tapping opportunities in the Sub Saharan market.

Statement of Financial Position as at 31 December 2013

	Dec-13 Rs 000	Restated Dec-12 Rs 000	Restated Dec-11 Rs 000
ASSETS			
Cash and cash equivalents	3,267,226	4,315,788	3,187,034
Derivative assets held for risk management	1,787	12,984	5,094
Loans and advances to banks	148,577	-	117,247
Loans and advances to customers	11,552,858	11,947,585	9,087,874
Investment securities	1,489,223	1,567,109	1,814,166
Property, plant and equipment	310,561	328,909	320,117
Intangible assets	62,356	55,371	51,289
Deferred tax assets	25,982	31,873	36,983
Other assets	839,346	1,143,963	1,056,137
Total assets	17,697,916	19,403,582	15,675,941
LIABILITIES			
Deposits from customers	15,162,715	17,198,221	14,118,085
Derivative liabilities held for risk management	5,040	3,037	3,406
Subordinated liabilities	428,386	330,815	323,096
Other borrowed funds	480,747	367,505	-
Current tax liabilities	20,017	10,020	15,307
Other liabilities	252,522	363,828	270,298
Total liabilities	16,349,427	18,273,426	14,730,192
Shareholders' Equity			
Stated capital	731,456	551,456	551,456
Retained earnings	444,655	414,374	271,242
Other reserves	172,378	164,326	123,051
	1,348,489	1,130,156	945,749
Total equity and liabilities	17,697,916	19,403,582	15,675,941

These financial statements were approved for issue by the Board of Directors on 26th February 2014


Roger Leung Shin Cheung
Chairman of the Board of Directors


Ravneet Chowdhury
Chief Executive Officer


Pratul Hemraj Dharamshi Shah
Director and Chairman of
Audit Committee

Statement of changes in equity for the year ended 31 December 2013

	Stated capital Rs 000	Revaluation surplus Rs 000	Statutory reserve Rs 000	Fair value Reserve Rs 000	Retained earnings Rs 000	Total Rs 000
Balance as at January 1, 2011						
- as previously reported	551,456	75,687	28,619	(654)	151,574	806,682
- effect of adopting IAS 19 (Revised)	-	-	-	-	(1,505)	(1,505)
	551,456	75,687	28,619	(654)	150,069	805,177
Profit for the year	-	-	-	-	175,288	175,288
Other comprehensive income for the year	-	-	-	(6,901)	(2,815)	(9,716)
Total comprehensive income	-	-	-	(6,901)	172,473	165,572
Transfer to statutory reserve	-	-	26,300	-	(26,300)	-
Dividend	-	-	-	-	(25,000)	(25,000)
Balance as at December 31, 2011	551,456	75,687	54,919	(7,555)	271,242	945,749
Balance as at January 1, 2012						
- as previously reported	551,456	75,687	54,919	(7,555)	275,562	950,069
- effect of adopting IAS 19 (Revised)	-	-	-	-	(4,320)	(4,320)
	551,456	75,687	54,919	(7,555)	271,242	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	203,637	214,407
Transfer to statutory reserve	-	-	30,505	-	(30,505)	-
Dividend	-	-	-	-	(30,000)	(30,000)
Balance as at December 31, 2012	551,456	75,687	85,424	3,215	414,374	1,130,156
Balance as at January 1, 2013						
- as previously reported	551,456	75,687	85,424	3,215	418,425	1,134,207
- effect of adopting IAS 19 (Revised)	-	-	-	-	(4,051)	(4,051)
	551,456	75,687	85,424	3,215	414,374	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)
	731,456	75,687	85,424	3,215	452,707	1,348,489
Transfer to statutory reserve	-	-	8,052	-	(8,052)	-
Balance as at December 31, 2013	731,456	75,687	93,476	3,215	444,655	1,348,489

Statement of profit or loss for the year ended 31 December 2013

	Year ended Dec-13 Rs 000	Year ended Dec-12 Rs 000	Year ended Dec-11 Rs 000
Interest income	972,054	903,845	825,496
Interest expense	(486,046)	(507,199)	(469,306)
Net interest income	486,008	396,646	356,190
Fee and commission income	186,862	142,481	129,063
Fee and commission expense	(68,408)	(35,424)	(25,327)
Net fee and commission income	118,454	107,057	103,736
Net trading (loss)/income	(70,210)	135,291	109,900
Other operating income	2,313	8,462	299
	(67,897)	143,753	110,199
Operating income	536,565	647,456	570,125
Net impairment loss on financial assets	(88,800)	(46,025)	(35,615)
Personnel expenses	(224,487)	(232,913)	(203,078)
Depreciation and amortisation	(36,202)	(35,649)	(35,043)
Other expenses	(106,503)	(112,579)	(93,720)
	(455,992)	(427,166)	(367,456)
	80,573	220,290	202,669
Profit on sale and recovery of assets	-	4,378	-
Profit before income tax	80,573	224,668	202,669
Income tax expense	(26,895)	(21,300)	(27,381)
Profit for the year	53,678	203,368	175,288
Basic earnings per share (Rs)	8.50	36.88	31.79

Statement of profit or loss and other comprehensive income for the year ended 31 December 2013

	Year ended Dec-13 Rs 000	Restated Year ended Dec-12 Rs 000	Restated Year ended Dec-11 Rs 000
Profit for the year	53,678	203,368	175,288
Other Comprehensive Income :			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	(15,345)	269	(2,815)
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain/(loss) on available for sale investment securities	-	10,770	(6,901)
Other Comprehensive Income for the year	(15,345)	11,039	(9,716)
Total Comprehensive Income for the year	38,333	214,407	165,572

Statement of Cash Flows for the year ended 31 December 2013

	Year ended Dec-13 Rs 000	Year ended Dec-12 Rs 000	Year ended Dec-11 Rs 000
Net cash (used in)/from operating activities	(1,465,949)	546,005	270,065
Net cash from/(used in) investing activities	58,350	245,244	(447,774)
Net cash from financing activities	359,037	337,505	25,000
Net (decrease)/increase in cash and cash equivalents	(1,048,562)	1,128,754	(152,709)
Cash and cash equivalents as at Jan 1,	4,315,788	3,187,034	3,339,743
Cash and cash equivalents as at Dec 31,	3,267,226	4,315,788	3,187,034

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BANK ONE Limited

This report is made solely to the members of BANK ONE Limited (the "Bank"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Bank's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of BANK ONE Limited on pages 3 to 57 which comprise the statement of financial position as at 31st December 2013, the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The 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 Companies Act 2001 and Banking Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 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 auditors' 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 auditors consider internal control relevant to the Bank'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 Bank'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 3 to 57 give a true and fair view of the financial position of the Bank as at 31st December 2013, 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 Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Bank, other than in our capacity as auditors, tax advisers and dealings in the ordinary course of business. We have obtained all information and explanations we have required. In our opinion, proper accounting records have been kept by the Bank as far as it appears from our examination of those records.

Banking Act 2004

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.

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

The 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 as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.


BDO & Co
Chartered Accountants


Ameenah Ramdin, FCCA, ACA
Licensed by FRC

Port Louis,
Mauritius.
26th February 2014