

## HIGHLIGHTS

### The Bank derived profits after tax of Rs 38m for 12 months ended December 2009 as against losses after tax of Rs 121m for 18 months ended December 2008.

The implementation and execution of strategic priorities since the takeover in February 2008 have generated positive results despite operating in a turbulent economic environment due to the unprecedented global crisis. During the year 2009, Bank One has been able to achieve sustainable monthly profits despite tough market conditions. For the financial year 2009, the Bank earned profits before tax of Rs 42m compared to losses of Rs 144m for the 18 month period ended December 2008.

Net interest income improved substantially from Rs 29m for the 18 month period ended December 2008 to Rs 133m for the 12 month ended December 2009, on the back of a better assets and liabilities management.

Non-interest income took a sharp turn and progressed significantly to Rs 142m, derived mainly through treasury operations and fees & commissions. Non-interest expenses were tightly controlled and contained to Rs 243m for the year.

Total Assets base crossed the Rs 10bn mark in December 2009 from a level of Rs 6.8bn in December 2008 and Rs 4.4bn since the takeover on February 2008, representing a progress of 54% and 139% respectively.

Deposit base continues to expand and a year on year progress of Rs 3.3bn or 55% was recorded during 2009. This was achieved through the launch of innovative products and increased trust the Bank is enjoying in the domestic market.

A healthy growth was achieved in the loan book with an increase of Rs 1.4bn or 29%. Non performing advances continue to decrease and were brought down by Rs 65m in 2009. The gross NPL ratio was reduced to 7.6% (11% in 2008) from a level of 36% since take over in February 2008 while the net NPLs to net advances improved from 4% in December 2008 to 2.41% in December 2009.

In order to sustain the growth in business, the Bank has strengthened its capital base by raising USD 6m of subordinated debts from Proparco in June 2009. The shareholders made additional injection of Tier 1 in December 2009. With a capital adequacy ratio of above 11% as at end of December 2009, Bank One is well geared up to pursue its growth trajectory.

Approved by the board on 2 March 2010.

Sarit Suresh Raja Shah  
Chairman of the Board of Directors

Raj Dussoye  
Chief Executive Officer

Pratul Hemraj Dharamshi Shah  
Director & Chairman of Audit Committee

## Statement of Financial Position as at 31 December 2009

	Dec-09 Rs 000	Dec-08 Rs 000	Jun-07 Rs 000
<b>Assets</b>			
Cash and cash equivalents	2,519,966	528,949	284,706
Derivative assets held for risk management	5,080	18,522	-
Loans and advances to banks	164,067	400,831	-
Loans and advances to customers	5,604,683	3,931,820	1,633,017
Investment securities	1,083,592	956,796	1,906,966
Property plant and equipment	327,795	318,914	321,828
Intangible assets	47,676	26,031	573
Deferred tax assets	68,961	68,253	45,545
Other assets	700,890	566,982	247,990
<b>Total assets</b>	<b>10,522,710</b>	<b>6,817,098</b>	<b>4,440,625</b>
<b>Liabilities</b>			
Deposits from customers	9,479,512	6,133,712	4,110,400
Derivative liabilities held for risk management	1,821	-	-
Other borrowed funds	-	5,406	19,658
Subordinated liabilities	178,578	-	-
Current tax liabilities	534	-	-
Other liabilities	220,044	141,420	104,339
	<b>9,880,489</b>	<b>6,280,538</b>	<b>4,234,397</b>
<b>Shareholders' Equity</b>			
Stated capital	491,456	269,456	450,000
Share capital pending allotment	60,000	-	-
Call but not paid shares	-	222,000	-
Other reserves	82,179	73,206	98,206
Retained earnings/ revenue deficit	8,586	(28,102)	(341,978)
	<b>642,221</b>	<b>536,560</b>	<b>206,228</b>
<b>Total equity and liabilities</b>	<b>10,522,710</b>	<b>6,817,098</b>	<b>4,440,625</b>

## Statement of Changes in Equity for the year ended 31 December 2009

	Call but not paid shares Rs 000	Share capital pending allotment Rs 000	Capital reserve Rs 000	Revaluation reserve Rs 000	Statutory reserve Rs 000	Fair value Reserve Rs 000	Retained earnings/ (revenue deficit) Rs 000	Total Rs 000
<b>Balance as at 30 June 2006 and 1 July 2006</b>	450,000	-	25,000	71,687	1,519	-	(142,410)	405,796
Total comprehensive income for the year	-	-	-	-	-	-	(199,568)	(199,568)
<b>Balance as at 30 June 2007</b>	450,000	-	25,000	71,687	1,519	-	(341,978)	206,228
<b>Balance as at 1 July 2007</b>	450,000	-	25,000	71,687	1,519	-	(341,978)	206,228
Total comprehensive income for the period	-	-	-	-	-	-	(120,804)	(120,804)
Movement during the period	254,136	222,000	(25,000)	-	-	-	-	451,136
Capital reduction	(434,680)	-	-	-	-	-	434,680	-
	<b>269,456</b>	<b>222,000</b>	<b>-</b>	<b>71,687</b>	<b>1,519</b>	<b>-</b>	<b>(28,102)</b>	<b>536,560</b>
<b>Balance as at 31 December 2008</b>	269,456	222,000	-	71,687	1,519	-	(28,102)	536,560
Movement during the year	222,000	(222,000)	60,000	-	1,800	-	(1,800)	60,000
Total comprehensive income for the year	-	-	-	4,000	-	3,173	38,488	45,661
<b>Balance as at 31 December 2009</b>	<b>491,456</b>	<b>60,000</b>	<b>-</b>	<b>75,687</b>	<b>3,319</b>	<b>3,173</b>	<b>8,586</b>	<b>642,221</b>

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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 which comprise the Statement of Financial Position at 31 December 2009 and the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 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

## Income Statement for the year ended 31 December 2009

	Year ended Dec-09 Rs 000	18 months ended Dec-08 Rs 000	Year ended Jun-07 Rs 000
Interest income	607,295	593,717	343,953
Interest expense	(474,754)	(564,348)	(297,766)
<b>Net interest income</b>	<b>132,541</b>	<b>29,369</b>	<b>46,187</b>
Fee and commission income	69,826	29,455	15,633
Fee and commission expense	(6,396)	(5,835)	(3,917)
<b>Net fee and commission income</b>	<b>63,430</b>	<b>23,620</b>	<b>11,716</b>
Net trading income	65,788	49,588	11,569
Other operating income	13,259	675	3,683
	79,047	50,263	15,252
<b>Operating income</b>	<b>275,018</b>	<b>103,252</b>	<b>73,155</b>
Net impairment loss on financial assets	10,700	(29,048)	(9,053)
Personnel expenses	(144,646)	(125,636)	(62,777)
Depreciation and amortisation	(30,422)	(35,456)	(22,268)
Other expenses	(68,336)	(86,814)	(53,514)
	(232,704)	(276,954)	(147,612)
<b>Operating profit/(loss) before exceptional items</b>	<b>42,314</b>	<b>(173,702)</b>	<b>(74,457)</b>
Exceptional items	-	30,190	-
<b>Profit/(loss) before tax</b>	<b>42,314</b>	<b>(143,512)</b>	<b>(74,457)</b>
Income tax expense	(3,826)	22,708	(125,111)
<b>Profit/(loss) for the period/year</b>	<b>38,488</b>	<b>(120,804)</b>	<b>(199,568)</b>
<b>Earnings/(loss) per share - Basic (Rs)</b>	<b>7.83</b>	<b>(23.51)</b>	<b>(44.35)</b>
<b>Statement of other comprehensive income for the year ended 31 December 2009</b>			
Profit/(Loss) for the year/period	38,488	(120,804)	(199,568)
<b>Other comprehensive income</b>			
Net value gain on available for sale investment securities	3,173	-	-
Movement in revaluation reserve	4,000	-	-
<b>Total comprehensive income for the year/period</b>	<b>45,661</b>	<b>(120,804)</b>	<b>(199,568)</b>

## Statement of Cash Flow for the year ended 31 December 2009

	Year ended Dec-09 Rs 000	18 months ended Dec-08 Rs 000	Year ended Jun-07 Rs 000
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year/period	38,488	(120,804)	(199,568)
Income tax expense recognised	3,826	(22,708)	125,111
Net movement in derivatives	(3,259)	-	-
Depreciation of non current assets	26,999	34,609	21,203
Amortisation of intangible assets	3,424	846	1,065
Impairment on financial assets	19,682	(3,079)	(174,731)
Release of provisions for credit impairment	(53,936)	-	-
Gain on sale of land and property, plant and equipment	(834)	(13,486)	(3,272)
Gain on sale of other assets	(2,413)	-	-
Fair value gain on available for sale securities	(8,819)	(16,911)	-
<b>Changes in operating assets and liabilities</b>			
Decrease/(increase) in loans and advances			
-to banks	239,155	(404,879)	-
-to customers	(1,641,000)	(2,316,676)	427,892
Increase in other assets	(127,455)	(100,137)	(23,487)
Increase in deposits from customers	3,345,800	2,023,312	416,615
Increase in other liabilities	78,622	34,790	13,043
<b>Net cash from/(used in) operating activities</b>	<b>1,918,280</b>	<b>(905,123)</b>	<b>603,871</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities	(954,255)	-	(473,245)
Proceeds from sale and redemption of investment securities	1,021,669	969,294	-
Purchase of available for sale investments	(348,433)	-	-
Proceeds from sale of available for sale investments	166,214	-	-
Purchase of property, plant and equipment	(36,359)	(33,715)	(6,481)
Proceeds from sale of property and equipment	1,313	207	3,272
Proceeds from sale of non-banking assets	14,485	-	-
Purchase of intangible assets	(25,069)	(26,304)	(310)
<b>Net cash (used in)/from investing activities</b>	<b>(160,435)</b>	<b>909,482</b>	<b>(476,764)</b>
<b>Cash flows from financing activities</b>			
Proceeds from subordinated liabilities	178,578	-	-
Share capital pending allotment	60,000	-	-
Issue of shares	-	254,136	-
<b>Net cash from/(used in) financing activities</b>	<b>238,578</b>	<b>254,136</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,996,423</b>	<b>258,495</b>	<b>127,107</b>
Cash and cash equivalents at beginning of year	523,543	265,048	137,941
<b>Cash and cash equivalents at end of year/period</b>	<b>2,519,966</b>	<b>523,543</b>	<b>265,048</b>

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 give a true and fair view of the financial position of the Bank at 31 December 2009, and of its financial performance and its cash flows for the period 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 and business 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 and making the disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code"). Our responsibility is to report on these disclosures. In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.