

**ONE Bank Limited and its Subsidiary**  
**Consolidated Balance Sheet**  
**As at 31 December 2013**

<b>PROPERTY AND ASSETS</b>	<b>Notes</b>	<b>2013 Taka</b>	<b>2012 Taka</b>
<b>Cash</b>	3 (a)		
Cash in hand ( including foreign currencies)		1,099,408,003	696,450,690
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		7,723,234,121	6,873,381,835
		<b>8,822,642,124</b>	<b>7,569,832,525</b>
<b>Balance with other banks and financial institutions</b>	4 (a)		
In Bangladesh		1,117,932,445	2,202,700,116
Outside Bangladesh		516,875,249	919,272,647
		<b>1,634,807,694</b>	<b>3,121,972,763</b>
<b>Money at call on short notice</b>	5	<b>670,000,000</b>	<b>380,000,000</b>
<b>Investments</b>	6 (a)		
Government		8,853,247,269	7,862,102,278
Others		3,238,836,864	3,729,545,331
		<b>12,092,084,133</b>	<b>11,591,647,609</b>
<b>Loans and Advances</b>	7 (a)		
Loans, Cash Credit, Overdraft etc.		72,398,260,508	55,879,114,910
Bills purchased and discounted		3,771,431,210	3,989,561,263
		<b>76,169,691,718</b>	<b>59,868,676,173</b>
<b>Fixed Assets including premises, furnitures &amp; fixtures</b>	8 (a)	<b>1,205,627,611</b>	<b>1,098,456,133</b>
<b>Other Assets</b>	9 (a)	<b>1,757,311,103</b>	<b>1,709,698,919</b>
<b>Non-banking Assets</b>	10	<b>283,786,525</b>	<b>283,786,525</b>
<b>Total Assets</b>		<b>102,635,950,909</b>	<b>85,624,070,647</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowings from other banks, financial institutions and agents	11 (a)	<b>145,066,532</b>	<b>120,367,972</b>
<b>Deposits and other accounts</b>	12 (a)		
Current accounts and other accounts		15,564,521,251	8,470,623,423
Bills payable		1,372,962,253	2,302,009,790
Savings bank deposits		7,012,233,334	5,011,914,509
Term deposits		62,618,626,263	57,271,226,432
		<b>86,568,343,101</b>	<b>73,055,774,154</b>
<b>Other Liabilities</b>	13 (a)	<b>5,315,685,363</b>	<b>5,121,682,715</b>
<b>Subordinated -Debt</b>	14	<b>2,200,000,000</b>	-
<b>Total Liabilities</b>		<b>94,229,094,996</b>	<b>78,297,824,841</b>
<b>Capital/Shareholders' Equity</b>			
Paid-up Capital	15	4,767,070,020	4,145,278,280
Statutory Reserve	16	2,665,409,979	2,310,094,082
Surplus in Profit and Loss Account		895,565,966	802,036,413
Revaluation Reserve for Securities		66,008,056	55,320,615
<b>Total Shareholders' Equity</b>		<b>8,394,054,021</b>	<b>7,312,729,390</b>
Non-Controlling Interest		<b>12,801,891</b>	<b>13,516,416</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>102,635,950,909</b>	<b>85,624,070,647</b>

	<u>Notes</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
<b>OFF BALANCE SHEET ITEMS</b>			
<b>CONTINGENT LIABILITIES</b>			
Acceptances & Endorsements		18,378,551,803	12,907,241,049
Letters of Guarantee	47	11,358,740,591	8,330,678,563
Irrevocable Letters of Credit		11,663,384,421	10,153,759,783
Bills for Collection		2,782,357,930	1,277,258,448
		<u>44,183,034,745</u>	<u>32,668,937,843</u>
<b>Other Contingent Liabilities</b>			
Claims lodged with but not recognized by the Bank		-	-
Other exchange contract		-	-
<b>Total Contingent Liabilities</b>		<u>44,183,034,745</u>	<u>32,668,937,843</u>
<b>Other Commitments:</b>			
Documentary Credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total other commitments</b>		<u>-</u>	<u>-</u>
<b>Total off-Balance Sheet items including contingent liabilities</b>		<u>44,183,034,745</u>	<u>32,668,937,843</u>

These Financial Statements should be read in conjunction with the annexed notes 1 to 51.

M. Fakhurul Alam  
Managing Director

Salahuddin Ahmed  
Director

Syed Nurul Amin  
Director

Asoke Das Gupta  
Vice Chairman

See annexed auditor's report to the Shareholders of the date.

Dhaka: 25 March 2014

ACNABIN  
Chartered Accountants

**ONE Bank Limited and its Subsidiary**  
**Consolidated Profit and Loss Account**  
**For the year ended 31 December 2013**

	Notes	2013 Taka	2012 Taka
Interest income	18 (a)	10,038,284,892	8,529,618,623
Interest paid on deposits and borrowings etc.	19 (a)	(7,049,617,618)	(5,789,982,065)
<b>Net interest income (A)</b>		<b>2,988,667,274</b>	<b>2,739,636,558</b>
Investment income	20 (a)	1,018,659,295	552,388,074
Commission, exchange and brokerage	21 (a)	1,061,004,499	1,016,382,075
Other operating income	22 (a)	323,650,263	297,973,758
<b>Total operating income</b>		<b>5,391,981,330</b>	<b>4,606,380,466</b>
Salaries and allowances	23(a)	1,757,527,242	1,401,097,651
Rent, taxes, insurance, electricity etc.	24	288,022,767	237,405,563
Legal expenses	25 (a)	4,277,000	4,118,915
Postage, stamps, telecommunication etc.	26	49,528,550	49,119,905
Directors' fees	27	735,000	890,000
Auditor's fee		215,000	175,000
Stationery, Printings, advertisements etc.	28 (a)	143,946,616	108,387,446
Managing Director's salary and fees	29	12,010,041	11,925,444
Depreciation, leasing expense and repair of bank's assets	30 (a)	369,136,470	238,071,901
Other expenses	31 (a)	368,344,677	235,221,565
<b>Total operating expenses (B)</b>		<b>2,993,743,363</b>	<b>2,286,413,390</b>
<b>Profit / (loss) before provision and tax (C=A-B)</b>		<b>2,398,237,967</b>	<b>2,319,967,076</b>
Provision for loans and advances			
Specific provision	13.4	410,813,252	572,303,512
General provision	13.5	139,323,435	(323,135,567)
		<b>550,136,687</b>	<b>249,167,945</b>
Provision for off-balance sheet items	13.8	120,808,864	22,229,987
Provision for diminution in value of share	13.10.a	10,000,000	(80,240,700)
Other provisions	13.7	12,164,356	3,560,962
<b>Total Provision (D)</b>		<b>693,109,907</b>	<b>194,718,194</b>
<b>Profit / (loss) before taxes (C-D)</b>		<b>1,705,128,060</b>	<b>2,125,248,882</b>
<b>Provision for taxation</b>			
Current tax expense	33 (a)	422,483,963	985,253,260
Deferred tax expense/( income)	33 (a)	5,457,518	19,749,440
		427,941,481	1,005,002,700
<b>Net profit after taxation</b>		<b>1,277,186,579</b>	<b>1,120,246,182</b>
<b>Attributable to:</b>			
Shareholders of the ONE Bank Ltd		<b>1,277,901,104</b>	<b>1,119,598,009</b>
Non-Controlling Interest		<b>(714,525)</b>	<b>648,172</b>
		<b>1,277,186,579</b>	<b>1,120,246,182</b>
Retained Surplus brought forward	17.1(a)	(27,019,241)	94,524,138
		<b>1,250,881,863</b>	<b>1,214,122,148</b>
<b>Appropriations:</b>			
Statutory Reserve	16	355,315,897	412,085,734
General reserve		-	-
		<b>355,315,897</b>	<b>412,085,734</b>
<b>Retained Surplus</b>		<b>895,565,966</b>	<b>802,036,413</b>
<b>Earning per share (EPS)</b>	48 (a)	<b>2.68</b>	<b>2.35</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 51.

M. Fakhurul Alam  
Managing Director

Salahuddin Ahmed  
Director

Syed Nurul Amin  
Director

Asoke Das Gupta  
Vice Chairman

See annexed auditor's report to the Shareholders of the date.

**ONE Bank Limited and its Subsidiary**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 December 2013**

	<u>Notes</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
<b>Cash flows from operating activities</b>			
Interest receipts in cash	34 (a)	10,942,137,391	9,046,287,449
Interest payments	35 (a)	(7,201,308,535)	(5,453,761,803)
Dividend receipts	20	24,011,509	23,876,433
Fee and commission receipts in cash	36	603,517,744	642,022,718
Cash payments to employees	37	(1,768,175,154)	(1,199,023,095)
Cash payments to suppliers	38	(349,728,672)	(212,467,440)
Income taxes paid		(925,592,410)	(1,033,574,877)
Receipts from other operating activities	39	778,118,918	685,947,651
Payment for other operating activities	40 (a)	(616,215,234)	(428,011,977)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>		<b>1,486,765,558</b>	<b>2,071,295,055</b>
<b>Increase/(decrease) in operating assets and liabilities</b>			
Loans and advances to customers		(16,735,086,190)	(10,549,612,241)
Other current assets	41 (a)	(129,565,780)	191,238,135
Borrowing from other banking companies, agencies etc.	11	24,698,561	(539,233,575)
Deposits from other banks	42	(7,227)	(21,864,993)
Deposits from customers	43	13,309,005,958	14,701,890,230
Other liabilities	44 (a)	263,314,733	178,863,927
<b>A Net cash used in /from operating activities</b>		<b>(1,780,874,388)</b>	<b>6,032,576,538</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of securities	45 (a)	(13,073,837,042)	(11,009,942,384)
Receipts from sale of securities	46	13,192,781,300	8,596,597,722
Membership at cost for OSL		-	(320,200,000)
Net Purchase/sale of fixed assets		(264,743,125)	(352,645,890)
<b>B Net cash used in investing activities</b>		<b>(145,798,868)</b>	<b>(3,086,190,552)</b>
<b>Cash flows from financing activities</b>			
Receipts from issue of ordinary shares		-	-
Receipts from issue of Subordinated Debt		2,200,000,000	-
Dividend paid		(207,263,914)	-
<b>C Net cash from financing activities</b>		<b>1,992,736,086</b>	<b>-</b>
D Net increase/(decrease) in cash and cash equivalent (A+B+C)		66,062,830	2,946,385,985
E Effects of exchange rate changes on cash and cash-equivalent		(10,499,500)	-
F Opening cash and cash equivalents		11,075,093,488	8,128,707,503
<b>G Closing cash and cash equivalents (D+E+F)</b>		<b>11,130,656,818</b>	<b>11,075,093,488</b>
Closing cash and cash equivalents			
Cash in hand	3 (a)	1,099,408,003	696,450,690
Cash with Bangladesh Bank & its agent(s)	3 (a)	7,723,234,121	6,873,381,835
Cash with other banks and financial institutions	4 (a)	1,634,807,694	3,121,972,763
Money at call on short notice	5	670,000,000	380,000,000
Prize bonds	6	3,207,000	3,288,200
		<b>11,130,656,818</b>	<b>11,075,093,488</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 51.

M. Fakhurul Alam  
Managing Director

Salahuddin Ahmed  
Director

Syed Nurul Amin  
Director

Asoke Das Gupta  
Vice Chairman

Dhaka: 25 March 2014

**ONE Bank Limited and its Subsidiary**  
**Consolidated Statement of changes in Equity**  
**For the year ended 31 December 2013**

Amount in Taka

Particulars	Paid-up Capital	Statutory Reserve	Revaluation Reserve for Securities	Profit and Loss Account	Total	Non-Controlling Interest	Total
<b>Balance as at 01 January 2013</b>	<b>4,145,278,280</b>	<b>2,310,094,082</b>	<b>55,320,615</b>	<b>802,036,413</b>	<b>7,312,729,390</b>	<b>13,516,416</b>	<b>7,326,245,806</b>
Changes in accounting policy	-	-	-	-	-	-	-
<b>Restated balance</b>	<b>4,145,278,280</b>	<b>2,310,094,082</b>	<b>55,320,615</b>	<b>802,036,413</b>	<b>7,312,729,390</b>	<b>13,516,416</b>	<b>7,326,245,806</b>
Issue of Bonus Share for the year 2012 (Transferred to Paid-up Capital)	621,791,740	-	-	(621,791,740)	-	-	-
Cash Dividend Paid	-	-	-	(207,263,914)	(207,263,914)	-	(207,263,914)
Surplus of Revaluation Reserve for HTM Securities	-	-	66,008,056	-	66,008,056	-	66,008,056
Adjustment of Revaluation Reserve for HTM Securities	-	-	(55,320,615)	-	(55,320,615)	-	(55,320,615)
Net Profit after Tax for the year	-	-	-	1,277,901,104	1,277,901,104	(714,525)	1,277,186,579
Profit transferred to Statutory Reserve	-	355,315,897	-	(355,315,897)	-	-	-
<b>Balance as at 31 December 2013</b>	<b>4,767,070,020</b>	<b>2,665,409,979</b>	<b>66,008,056</b>	<b>895,565,966</b>	<b>8,394,054,021</b>	<b>12,801,891</b>	<b>8,406,855,912</b>
<b>Balance as at 31 December 2012</b>	<b>4,145,278,280</b>	<b>2,310,094,082</b>	<b>55,320,615</b>	<b>802,036,413</b>	<b>7,312,729,390</b>	<b>13,516,416</b>	<b>7,326,245,806</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 51.

M. Fakhru Alam  
Managing Director

Salahuddin Ahmed  
Director

Syed Nurul Amin  
Director

Asoke Das Gupta  
Vice Chairman

Dhaka: 25 March 2014

**ONE Bank Limited**  
**Balance Sheet**  
**As at 31 December 2013**

<b>PROPERTY AND ASSETS</b>	<b>Notes</b>	<b>2013 Taka</b>	<b>2012 Taka</b>
<b>Cash</b>	<b>3</b>		
Cash in hand ( including foreign currencies)		1,099,408,003	696,450,690
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		7,723,234,121	6,873,381,835
		<b>8,822,642,124</b>	<b>7,569,832,525</b>
<b>Balance with other banks and financial institutions</b>	<b>4</b>		
In Bangladesh		1,113,304,583	2,193,726,085
Outside Bangladesh		516,875,249	919,272,647
		<b>1,630,179,832</b>	<b>3,112,998,732</b>
<b>Money at call on short notice</b>	<b>5</b>	<b>670,000,000</b>	<b>380,000,000</b>
<b>Investments</b>	<b>6</b>		
Government		8,853,247,269	7,862,102,278
Others		1,439,076,364	1,929,784,831
		<b>10,292,323,633</b>	<b>9,791,887,109</b>
<b>Loans and Advances</b>	<b>7</b>		
Loans, Cash Credit, Overdraft etc.		72,801,913,880	56,226,568,039
Bills purchased and discounted		3,771,431,210	3,989,561,263
		<b>76,573,345,090</b>	<b>60,216,129,302</b>
<b>Fixed Assets including premises, furnitures &amp; fixtures</b>	<b>8</b>	<b>1,205,627,611</b>	<b>1,098,456,133</b>
<b>Other Assets</b>	<b>9</b>	<b>3,213,066,030</b>	<b>3,164,656,450</b>
<b>Non-banking Assets</b>	<b>10</b>	<b>283,786,525</b>	<b>283,786,525</b>
<b>Total Assets</b>		<b>102,690,970,846</b>	<b>85,617,746,775</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowings from other banks, financial institutions and agents	<b>11</b>	<b>145,066,532</b>	<b>120,367,972</b>
<b>Deposits and other accounts</b>	<b>12</b>		
Current accounts and other accounts		15,564,521,251	8,470,623,423
Bills payable		1,372,962,253	2,302,009,790
Savings bank deposits		7,012,233,334	5,011,914,509
Term deposits		62,618,626,263	57,271,226,432
		<b>86,568,343,101</b>	<b>73,055,774,154</b>
<b>Other Liabilities</b>	<b>13</b>	<b>5,201,899,942</b>	<b>5,018,006,273</b>
<b>Subordinated Debt</b>	<b>14</b>	<b>2,200,000,000</b>	-
<b>Total Liabilities</b>		<b>94,115,309,575</b>	<b>78,194,148,399</b>
<b>Capital/Shareholders' Equity</b>			
Paid-up Capital	<b>15</b>	4,767,070,020	4,145,278,280
Statutory Reserve	<b>16</b>	2,665,409,979	2,310,094,082
Surplus in Profit and Loss Account	<b>17</b>	1,077,173,215	912,905,400
Revaluation Reserve for Securities		66,008,056	55,320,615
<b>Total Shareholders' Equity</b>		<b>8,575,661,271</b>	<b>7,423,598,377</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>102,690,970,846</b>	<b>85,617,746,775</b>

	<u>Notes</u>	<u>2013 Taka</u>	<u>2012 Taka</u>
<b>OFF BALANCE SHEET ITEMS</b>			
<b>CONTINGENT LIABILITIES</b>			
Acceptances & Endorsements		18,378,551,803	12,907,241,049
Letters of Guarantee	47	11,358,740,591	8,330,678,563
Irrevocable Letters of Credit		11,663,384,421	10,153,759,783
Bills for Collection		2,782,357,930	1,277,258,448
		<u>44,183,034,745</u>	<u>32,668,937,843</u>
<b>Other Contingent Liabilities</b>			
Claims lodged with but not recognized by the Bank		-	-
Other exchange contract		-	-
<b>Total Contingent Liabilities</b>		<u>44,183,034,745</u>	<u>32,668,937,843</u>
<b>Other Commitments:</b>			
Documentary Credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total other commitments</b>		<u>-</u>	<u>-</u>
<b>Total off-Balance Sheet items including contingent liabilities</b>		<u>44,183,034,745</u>	<u>32,668,937,843</u>

These Financial Statements should be read in conjunction with the annexed notes 1 to 51.

M. Fakhurul Alam  
Managing Director

Salahuddin Ahmed  
Director

Syed Nurul Amin  
Director

Asoke Das Gupta  
Vice Chairman

See annexed auditor's report to the Shareholders of the date.

Dhaka: 25 March 2014

ACNABIN  
Chartered Accountants

**ONE Bank Limited**  
**Profit and Loss Account**  
**For the year ended 31 December 2013**

	<u>Notes</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
Interest income	18	10,097,751,642	8,542,836,401
Interest paid on deposits and borrowings etc.	19	(7,049,617,618)	(5,789,982,065)
<b>Net interest income</b>		<b>3,048,134,024</b>	<b>2,752,854,336</b>
Investment income	20	1,018,659,295	552,388,074
Commission, exchange and brokerage	21	1,061,006,297	1,016,390,649
Other operating income	22	323,650,263	297,973,758
<b>Total operating income (A)</b>		<b>5,451,449,878</b>	<b>4,619,606,818</b>
Salaries and allowances	23	1,756,165,113	1,401,097,651
Rent, taxes, insurance, electricity etc.	24	288,022,767	237,405,563
Legal expenses	25	4,277,000	4,088,915
Postage, stamps, telecommunication etc.	26	49,528,550	49,119,905
Directors' fees	27	735,000	890,000
Auditor's fee		190,000	155,000
Stationery, Printings, advertisements etc.	28	143,944,001	111,254,339
Managing Director's salary and fees	29	12,010,041	11,925,444
Depreciation, leasing expense and repair of bank's assets	30	369,136,470	238,071,901
Other expenses	31	367,751,545	230,210,534
<b>Total operating expenses (B)</b>		<b>2,991,760,488</b>	<b>2,284,219,252</b>
<b>Profit / (loss) before provision and tax (C=A-B)</b>		<b>2,459,689,390</b>	<b>2,335,387,566</b>
Provision for loans and advances			
Specific provision	13.4	410,813,252	572,303,512
General provision	13.5	139,323,435	(323,135,567)
		<b>550,136,687</b>	<b>249,167,945</b>
Provision for off-balance sheet items	13.8	120,808,864	22,229,987
Provision for diminution in value of share	13.10	-	-
Other provisions	13.7	12,164,356	3,560,962
<b>Total Provision (D)</b>		<b>683,109,907</b>	<b>274,958,894</b>
<b>Profit / (loss) before taxes (C-D)</b>		<b>1,776,579,484</b>	<b>2,060,428,672</b>
<b>Provision for taxation</b>			
Current tax expense	33	422,482,600	985,250,560
Deferred tax expense/(income)	33	5,457,518	19,749,440
		427,940,118	1,005,000,000
<b>Net profit after taxation</b>		<b>1,348,639,366</b>	<b>1,055,428,672</b>
Retained Surplus brought forward	17.1	83,849,746	269,562,462
		<b>1,432,489,112</b>	<b>1,324,991,134</b>
<b>Appropriations:</b>			
Statutory Reserve	16	355,315,897	412,085,734
General reserve		-	-
		<b>355,315,897</b>	<b>412,085,734</b>
<b>Retained Surplus</b>		<b>1,077,173,216</b>	<b>912,905,400</b>
<b>Earning per share (EPS)</b>	48	<b>2.83</b>	<b>2.21</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 51.

M. Fakhru Alam  
Managing Director

Salahuddin Ahmed  
Director

Syed Nurul Amin  
Director

Asoke Das Gupta  
Vice Chairman

See annexed auditor's report to the Shareholders of the date.

Dhaka: 25 March 2014

ACNABIN  
Chartered Accountants



**ONE Bank Limited**  
**Cash Flow Statement**  
**For the year ended 31 December 2013**

	<u>Notes</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
<b>Cash flows from operating activities</b>			
Interest receipts in cash	34	10,996,703,897	9,045,752,098
Interest payments	35	(7,201,308,535)	(5,453,761,803)
Dividend receipts	20	24,011,509	23,876,433
Fee and commission receipts in cash	36	603,517,744	642,022,718
Cash payments to employees	37	(1,768,175,154)	(1,199,023,095)
Cash payments to suppliers	38	(349,728,672)	(212,467,440)
Income taxes paid	13.1	(925,565,145)	(1,031,862,959)
Receipts from other operating activities	39	778,118,918	685,947,651
Payment for other operating activities	40	(616,081,236)	(426,247,711)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>		<b>1,541,493,327</b>	<b>2,074,235,889</b>
<b>Increase/(decrease) in operating assets and liabilities</b>			
Loans and advances to customers		(16,786,386,190)	(10,893,312,241)
Other current assets	41	(128,665,780)	191,263,135
Borrowing from other banking companies, agencies etc.	11	24,698,561	(539,233,575)
Deposits from other banks	42	(7,227)	(21,864,993)
Deposits from customers	43	13,309,005,958	14,701,890,230
Other liabilities	44	263,333,132	178,857,676
<b>A Net cash used in /from operating activities</b>		<b>(1,776,528,219)</b>	<b>5,691,836,121</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of securities	45	(13,073,837,042)	(10,987,942,384)
Receipts from sale of securities	46	13,192,781,300	8,596,597,722
Net Purchase/sale of fixed assets		(264,743,125)	(352,645,890)
<b>B Net cash used in investing activities</b>		<b>(145,798,868)</b>	<b>(2,743,990,552)</b>
<b>Cash flows from financing activities</b>			
Receipts from issue of ordinary shares		-	-
Receipts from issue of Subordinated Debt		2,200,000,000	-
Dividend paid		(207,263,914)	-
<b>C Net cash from financing activities</b>		<b>1,992,736,086</b>	<b>-</b>
D Net increase/(decrease) in cash and cash equivalent (A+B+C)		70,408,998	2,947,845,569
E Effects of exchange rate changes on cash and cash-equivalent		(10,499,500)	-
F Opening cash and cash equivalents		11,066,119,457	8,118,273,889
<b>G Closing cash and cash equivalents (D+E+F)</b>		<b>11,126,028,956</b>	<b>11,066,119,457</b>
Closing cash and cash equivalents			
Cash in hand	3.1	1,099,408,003	696,450,690
Cash with Bangladesh Bank & its agent(s)	3.2	7,723,234,121	6,873,381,835
Cash with other banks and financial institutions	4	1,630,179,831	3,112,998,732
Money at call on short notice	5	670,000,000	380,000,000
Prize bonds	6	3,207,000	3,288,200
		<b>11,126,028,956</b>	<b>11,066,119,457</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 51.

M. Fakhurul Alam  
Managing Director

Salahuddin Ahmed  
Director

Syed Nurul Amin  
Director

Asoke Das Gupta  
Vice Chairman

Dhaka: 25 March 2014

**ONE Bank Limited**  
**Statement of changes in Equity**  
**For the year ended 31 December 2013**

Amount in Taka

Particulars	Paid-up Capital	Statutory Reserve	Revaluation Reserve for Securities	Profit and Loss Account	Total Shareholders equity
<b>Balance as at 01 January 2013</b>	<b>4,145,278,280</b>	<b>2,310,094,082</b>	<b>55,320,615</b>	<b>912,905,400</b>	<b>7,423,598,377</b>
Changes in accounting policy	-	-	-	-	-
<b>Restated balance</b>	<b>4,145,278,280</b>	<b>2,310,094,082</b>	<b>55,320,615</b>	<b>912,905,400</b>	<b>7,423,598,377</b>
Issue of Bonus Share for the year 2012 (Transferred to Paid-up Capital)	621,791,740	-	-	(621,791,740)	-
Cash Dividend Paid				(207,263,914)	(207,263,914)
Surplus of Revaluation Reserve for HTM Securities			66,008,056		66,008,056
Adjustment of Revaluation Reserve for HTM Securities	-	-	(55,320,615)	-	(55,320,615)
Net Profit after Tax for the year	-	-	-	1,348,639,366	1,348,639,366
Profit transferred to Statutory Reserve	-	355,315,897	-	(355,315,897)	-
<b>Balance as at 31 December 2013</b>	<b>4,767,070,020</b>	<b>2,665,409,979</b>	<b>66,008,056</b>	<b>1,077,173,215</b>	<b>8,575,661,271</b>
<b>Balance as at 31 December 2012</b>	<b>4,145,278,280</b>	<b>2,310,094,082</b>	<b>55,320,615</b>	<b>912,905,400</b>	<b>7,423,598,377</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 51.

M. Fakhurul Alam  
Managing Director

Salahuddin Ahmed  
Director

Syed Nurul Amin  
Director

Asoke Das Gupta  
Vice Chairman

Dhaka: 25 March 2014

**ONE Bank Limited**  
**Liquidity Statement**  
**(Assets & Liabilities Maturity Analysis)**  
**As at 31 December 2013**

Amount in Taka

	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Assets:</b>						
Cash	8,822,642,124	-	-	-	-	8,822,642,124
Balance with other banks and financial institutions	1,142,085,870	258,396,804	204,197,474	25,499,684	-	1,630,179,832
Money at call on short notice	670,000,000	-	-	-	-	670,000,000
Investment	1,302,977,672	670,588,509	4,288,626,511	1,862,968,077	2,167,162,864	10,292,323,633
Loans and Advances	9,611,811,829	20,285,410,076	22,204,611,030	20,041,909,955	4,429,602,200	76,573,345,090
Fixed Assets including premises, furnitures & fixtures	-	-	-	-	1,205,627,611	1,205,627,611
Other Assets	150,248,699	-	1,153,201,393	379,393,748	1,530,222,190	3,213,066,030
Non-banking Assets	-	-	-	-	283,786,525	283,786,525
<b>Total Assets</b>	<b>21,699,766,194</b>	<b>21,214,395,389</b>	<b>27,850,636,408</b>	<b>22,309,771,464</b>	<b>9,616,401,390</b>	<b>102,690,970,846</b>
<b>Liabilities:</b>						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	23,210,645	20,367,341	54,574,029	46,914,517	-	145,066,532
Deposits and Other Accounts	24,664,845,639	27,667,080,340	22,590,556,590	9,251,959,528	2,393,901,004	86,568,343,101
Other Liabilities	400,803,294	1,885,994,808	2,207,580,141	707,521,699	-	5,201,899,942
Subordinated Debt	-	-	-	-	2,200,000,000	2,200,000,000
<b>Total Liabilities</b>	<b>25,088,859,578</b>	<b>29,573,442,489</b>	<b>24,852,710,760</b>	<b>10,006,395,744</b>	<b>4,593,901,004</b>	<b>94,115,309,575</b>
<b>Net Liquidity Gap</b>	<b>(3,389,093,383)</b>	<b>(8,359,047,100)</b>	<b>2,997,925,648</b>	<b>12,303,375,720</b>	<b>5,022,500,386</b>	<b>8,575,661,271</b>

**Net result of the Liquidity Statement represents the "Shareholders' Equity" of the Bank**

These Financial Statements should be read in conjunction with the annexed notes 1 to 51.

M. Fakhru Alam  
Managing Director

Salahuddin Ahmed  
Director

Syed Nurul Amin  
Director

Asoke Das Gupta  
Vice Chairman

Dhaka: 25 March 2014

**ONE Bank Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2013**

## **1.0 Background of the Bank**

### **1.1 Status of the Bank**

ONE Bank Ltd. (the “Bank”) is a private sector commercial bank incorporated with the Registrar of Joint Stock Companies under the Companies Act 1994. The Bank commenced its banking operation on 14 July 1999 by obtaining license from the Bangladesh Bank on 2 July 1999 under section 31 of the Bank Company Act 1991. As per the provisions of Bangladesh Bank license, the Bank has offered initially its shares to public by Pre-IPO and subsequently sold shares to the public through IPO in the year 2003. The shares of the Bank are listed with both Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. The number of branches of the Bank was seventy (70) and the number of booths was nine (9) as on 31 December 2013.

### **1.2 Nature of the business**

The Bank carries on, undertakes and transacts all kinds of banking activities with its customers in Bangladesh and abroad.

#### **1.2.1 Off-Shore Banking Unit**

The bank has obtained the permission for Off-shore Banking business vide letter no. BRPD (P-3) 744 (115)/2010-2337 dated 26 May 2010. The Bank commenced the operation of its Off-shore Banking Unit from 12 December 2010. At present the Bank has 2 (two) Off-shore Banking units one in Dhaka and another in Chittagong. The principal activities of the units are to provide all kinds of commercial banking services in foreign currency. Financial Statements of Off-shore Banking Unit are shown in **Annexure-G**.

#### **1.2.2 ONE Securities Limited**

ONE Securities Limited, a Subsidiary Company, was incorporated as a private company limited by shares on the 4 May 2011 under the Companies Act (Act XVIII) 1994 vide certificate of incorporation no. C-92511/11. The principal activities of the company are to sell and deal in shares, stocks, debentures and other securities and undertake all the functions of a member(s) of Stock Exchange. Auditor’s report and Financial Statements are shown in **Annexure-H**.

### **1.3 International Banking**

International Banking has been running through International Division with its expertise caters mainly to the banking needs for import and export affairs. The Division establishes correspondent relationships with the foreign banks with prior consent of Management of the Bank.

### **1.4 Treasury Functions**

The Treasury Division has been discharging the principal responsibilities of the Treasury functions which includes management of liquidity and market risks, mobilization of resources from domestic as well as from foreign banks. Further, it leveraged strong relationships with financial sector players to provide a wide range of banking services in addition to Bank’s liability products.

The focus of Treasury Division is to be active in a broad-based money market, Government securities and foreign exchange markets. There was a significant contribution in the volumes and profits from foreign exchange transactions in 2013.

Capital Adequacy symbolizes the financial strength and stability of a bank. It limits the extent up to which banks can expand their business in terms of risk-weighted assets. Like all other commercial institutions, constantly looks the ways of expanding its operations by opening branches, mobilizing deposits, providing loans and investing in Capital Market. The Bank always keeps a careful check on its Capital Adequacy Ratios.

### **1.5 Information Technology**

The Bank has established an appropriate Information Technology Division (ITD) by placing officials with adequate knowledge and skills to play a major role in the Bank for smooth running of online Banking System and delivery of its service to all the branches and units of the Bank for operations of necessary hardware and software. The branch network is up graded to high speed, which provides better information sharing management at the branch as well as at the Corporate HQ with enough security measures.

### **1.6 Strategic Direction and Challenges**

The strategic directions of the Bank are provided and reviewed periodically by the Marketing Division in consultation with the senior Management. At the time of planning deposit mobilization strategies, financing plan and the budget, priority is given on the bottom up information sharing process. The Board of Directors approves the Budget and evaluates monthly performance in the Board Meeting for ensuring proper Budgetary Control and maximization of operating profit and optimization of business outcomes and provides guidelines to the Management for overcoming lapses, if identifies. In keeping with the Vision and Mission of the Bank, the strategic direction of the Bank has been clearly identified and laid down in the Long Term Corporate Plan and the Budget. Budget is prepared for each year by spell out the goals and objectives for each major strategic business unit such as Corporate Banking, SME Banking, Retail Banking, Treasury, General Banking, etc. and the detailed action plans for the achievement thereof along with specific time frame are set out and evaluates in the marketing meeting.

### **1.7 Staff Training**

The Bank always keeps in mind for the development of staff skill and knowledge through training. The staff training is presently pertaining through the outside Organizations, Bangladesh Bank and from Bank's own training Academy.

### **1.8 Resource Efficiency**

Deposits and Shareholders' Equity represented the two biggest sources of funds. As at December 31, 2013, the amount of deposit was 91.98% of total liability and the amount of Equity to total liability was 9.12%. The Bank tries to procure deposits from low cost sources and prudently invest the fund for raising the profitability of the Bank.

Through careful planning, the management of Bank ensured a prudent dividend policy and investment portfolio and optimized Shareholders' Equity.

## **1.9 Corporate Governance**

### **1.9.1 Board of Directors**

#### **a) Members of the Board**

The Board of Directors of the Bank is constituted by 8 (Eight) numbers of Directors and all of the Directors except Managing Director are Non-Executive Directors. Particulars of Directors are to be included in the annual report.

#### **b) Board Meeting**

The Chairman of the Board conducts the Board Meetings and ensures effective participation of all Directors, heeding to their concerns and maintained balance of power. The Board is in full control of its affairs.

#### **c) Information sharing system**

A well-streamlined Management Information System is in place. Accurate and relevant information on the matters referred to the Board are made available in advance. Whenever the Board finds that the information sent to them is insufficient, they call for additional information and the Chairman ensures that all Directors are properly briefed on the matters deliberated on at the meetings.

#### **d) Performance of Board**

The Board has implemented a self-assessment exercise covering key functions under the following activities to assess the performance of the Board and carries out the evaluations annually.

- Discharge of Statutory /Regulatory duties and Board responsibilities;
- Corporate Governance and Risk Management monitoring;
- Seeking and contributing views and opinions on strategic decision making;
- Leveraging the skills, expertise, contacts of individual Board Members in furtherance of business;
- Understanding and formulating the succession plans to ensure talent availability and address expectations of high potential and high quality staffs, and
- Overall view of management of the business by the Management.

### **1.9.2 Appointment of Directors and Managing Director**

#### **a) Director**

The Members of the Board are appointed in accordance with the provisions of the Companies Act 1994, the Memorandum and the Articles of Association of the Bank, provisions of the Bank Company Act 1991 (amendment in 2013) and Bangladesh Bank's Circulars issued from time to time. The Board believes that the combined knowledge and experience of the Board matches the strategic demands required for the Bank.

## **b) Managing Director**

The Managing Director (As CEO) is appointed by the Board on contractual basis with a provision of renewals according to the guidelines provided by the Bangladesh Bank and the provisions of the Bank Company Act. The Board sets financial and non-financial goals and objectives for the CEO in line with the short, medium and long-term goals of the Bank. The Managing Director is entrusted with the management of the Bank's operations and he is ultimately accountable to the Board. Managing Director's performance is assessed by the Chairman annually.

### **1.9.3 General Meeting**

#### **a) Shareholders Suggestions**

The Bank always welcomes active participation of the shareholders at the General Meetings and solicits their views at all times, thus promoting a healthy dialogue. Whenever possible, the Bank implements their suggestions.

#### **b) Notice of the General Meeting**

Notice is given to the shareholders in terms of the provisions of the Companies Act 1994, Securities and Exchange Commission Act 1993, and the guidelines of Bangladesh Bank.

### **1.9.4 Accountability**

#### **a) Communicating Performance**

Bank gives high priority to timely preparation and publication of annual, half-yearly and quarterly Financial Statements with comprehensive details of the statutory requirements, enabling both existing and prospective shareholders to make a timely and fair assessment of the Bank's performance. Media of publication includes printed materials, newspapers and the website of the Bank.

## **2.0 Significant Accounting Policies and Basis of Preparation of Financial Statements and Others**

### **2.01 Presentation of Financial Statement**

The financial statements are presented in compliance with the provisions of the Bangladesh Accounting Standards BAS 1 "Presentation of Financial Statements", BAS 7 "Statement of Cash Flows".

As per BRPD circular No. 14 dated 25 June 2003, Bangladesh Bank provides guidelines, forms and formats for the presentation of Financial Statements.

### **2.02 Basis of Consolidation**

The Consolidated Financial Statements include the financial statements of ONE Bank Limited and ONE Securities Limited made up to the end of financial year.

The Consolidated Financial Statements have been prepared in accordance with Bangladesh Accounting Standard BAS 27 "Consolidated and separate Financial Statements".

## **2.03 Statement of Compliance**

The Financial Statements of the Bank are prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), Bangladesh accounting Standards (BAS) and the requirements of the Bank Company Act 1991 (amendment in 2013), the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987, BRPD Circular # 14 dated 25 June, 2013, other Bangladesh Bank Circulars and other prevailing laws and rules applicable in Bangladesh.

In case any requirement of the Bank Company Act 1991 (amendment in 2013) and provisions and circulars issued by Bangladesh Bank differ with those of BFRS and BAS, the requirements of the Bank Company Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of BFRS are as follows:

### **2.03.1 Investment in Shares and Securities**

As per requirement of BAS 39 investment in shares and securities generally falls either under “at fair value through profit and loss account” or under “available for sale” where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

As per BRPD circular no. 14 dated 25 June 2003, investments in quoted shares and unquoted shares are revalued at the end of the year at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment (portfolio basis); otherwise investments are recognized at cost.

### **2.03.2 Revaluation gains/losses on Government Securities**

As per the requirement of BAS 39, where securities will fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognized in the profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method using effective interest rate and interest income is recognised through the profit and loss account.

As per the DOS Circular 5, dated January 28, 2009 HFT securities are revalued on the basis of marking to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

### **2.03.3 Provision on Loans and Advances / Investments**

As per the requirement of BAS 39, an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.



As per BRPD circular No.14 dated 23 September 2012, BRPD circular No. 19 dated 27 December 2012 and BRPD circular No 05 dated 29 May 2013, a general provision at 0.25% to 5% under different categories of unclassified loans has to be maintained regardless of objective evidence of impairment. And, specific provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue status. Also a general provision at 1% is required to be provided for all off-balance sheet exposures as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012. These provisions are not specifically in line with those prescribed by BAS 39.

#### **2.03.4 Recognition of Interest in Suspense**

As per the requirement of BAS 39, Loans and Advances to customers are generally classified as 'loans and receivables' and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to interest suspense account which is presented as liability in the balance.

#### **2.03.5 Other Comprehensive Income**

As per the requirement of BAS 1, Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income as a component of financial statements. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

#### **2.03.6 Financial Instruments – Presentation and Disclosure**

In several cases Bangladesh Bank issues guidelines to categorise, recognise, measure and present financial instruments differently from those prescribed in BAS 39. As such, full disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.

#### **2.03.7 Financial Guarantees**

As per the requirement of BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

As per the requirement of BRPD circular 14 dated 25 June 2003 financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin.

### **2.03.8 Repo Transaction**

As per the requirement of BAS 39, When an entity sales a financial assets and simultaneously enters into agreement to repurchase the assets (or a similar asset) at a fixed price on future date (Repo or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between the selling price and repurchase price will be treated as interest expenses.

As per DOS Circular Letter No 2 dated 23 January 2013 and DOS Circular Letter No 6 dated 15 July 2010, when a bank sells a financial assets and simultaneously enters into agreement to repurchase the assets (or a similar asset) at a fixed price on future date (Repo or stock lending), the arrangement is accounted for as normal sales transactions.

### **2.03.9 Cash and Cash Equivalent**

As per the requirement of BAS 7, Cash and cash equivalent items should be reported as cash item.

As per BRPD Circular 14 dated 25 June 2003, few highly liquid assets such as Money at call on Short Notice, Treasury Bills, Bangladesh Bank Bills and Prize Bond are not shown as cash and cash equivalents items in the Balance Sheet rather these are shown in the face of the balance sheet as separate items. However in the cash flow statement, these items are shown as cash equivalents besides cash in hand, balance with BB and other banks.

### **2.03.10 Non-Banking Asset**

No indication of Non-banking asset is found in any BFRS.

As per BRPD Circular no. 14 dated 25 June 2003 there must exist a face item named Non-banking asset and the holding period of non-banking assets is mentioned in the Bank Company Act 1991.

### **2.03.11 Cash Flow Statement**

As per the requirement of BAS 7, The Statement of Cash Flows can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

As per BRPD Circular no. 14 dated 25 June 2003 Cash Flow Statement is the mixture of direct and indirect methods.

### **2.03.12 Balance with Bangladesh Bank: (Cash Reserve Requirement)**

As per the requirement of BAS 7, Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations

As per BRPD Circular no. 14 dated 25 June 2003 Balance with Bangladesh Bank is treated as cash and cash equivalents.

### **2.03.13 Presentation of Intangible Asset**

As per the requirement of BAS 38, an intangible asset must be identified and recognised, and the disclosure must be given in the Financial Statements.

As per BRPD Circular no 14 dated 25 June 2003 there is no regulation for treatment of intangible assets.

### **2.03.14 Off-Balance Sheet Items**

There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

As per BRPD Circular no. 14 dated 25 June 2003 off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

### **2.03.15 Loans and Advances / Investments Net of Provision**

Loans and advances/Investments should be presented net of provision.

As per BRPD Circular no. 14 dated 25 June 2003 provision on loans and advances/investments are presented separately as liability and cannot be netted off against loans and advances.

### **2.04 Use of Estimates and Judgments**

The preparation of financial statements requires management's judgments, estimates and assumptions for which the application of accounting policies and the reported amounts of assets, liabilities, income and expenses may vary and actual results may differ from those estimates. The most significant areas where estimates and judgments have been made are on provisions for loans and advances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

### **2.05 Foreign Currency Transactions**

#### **i. Functional and presentational currency**

Financial statements of the Bank are presented in Taka, which is the Bank's functional and presentational currency.

#### **ii. Foreign currency translation**

Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective dates of such transactions as per BAS 21 "The effects of Changes in Foreign Exchange Rates"

Assets and liabilities in foreign currencies at 31 December 2013 have been converted into Taka currency at the average of the prevailing buying and selling rates of the relevant foreign currencies at that date except "Balances with other Banks and Financial Institutions" which have been converted as per directives of Bangladesh Bank vide its circular no. BRPD(R) 717/2004-959 dated 21 November 2004.

Differences arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting / crediting exchange gain or loss account.

### iii. Commitment

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities/commitments for letter of credit, letter of guarantee and acceptance denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the date of balance sheet.

## 2.06 Assets and the basis of their valuation

### 2.06.1 Cash and Cash Equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value and are used by the Bank Management for its short-term commitments.

### 2.06.2 Loans and Advances

- Loans and Advances are stated at gross amount and before off setting specific and general provisions against them.
- Interest on Loans and Advances is calculated on a daily product basis but charged and accounted for quarterly on an accrual basis.

Provision for Loans and Advances is made on the basis of year-end review by the Management and instructions contained in Bangladesh Bank BCD Circular No. 34 dated 16 November 1989, BCD Circular No. 20 dated 27 December 1994, BCD Circular No. 12 dated 04 September 1995, BRPD Circular No. 16 dated 06 December 1998, BRPD Circular No. 09 dated 14 May 2001, BRPD Circular Letter No. 08 dated 16 October 2005, BRPD Circular No 05 dated 05 June 2006, BRPD Circular No. 05 dated 29 April 2008 and BRPD Circular No 32 dated 27 October 2010, BRPD Circular No. 14 dated 23 September 2012, BRPD Circular No. 19 dated 27 December 2012 and BRPD Circular No. 5 dated 29 May 2013 respectively at the following rates:

Category/status of Loans and Advances	Rates	
	Bangladesh Bank's Requirement	Maintained by the Bank
<b>General provisions for unclassified loans and advances:</b>		
All unclassified loans (Other than loans under small and medium enterprise and consumer financing, special mention account and staff loans)	1%	1%
Small and medium enterprise financing	0.25%	0.25%
Consumer financing (Other than housing finance and loans for professionals under consumer financing scheme)	5%	5%
Consumer financing (For Housing Finance & Loans for professionals set up)	2%	2%
Special mention account	0.25% to 5%	0.25% to 5%
Loans to BHs/MBs/SDs against Shares	2%	2%
<b>Specific provision for classified loans and advances:</b>		
Substandard	20%	20%
Doubtful	50%	50%
Bad/Loss	100%	100%

- c) Loans and Advances are written off to the extent that (i) there is no realistic prospect of recovery, (ii) and against which legal cases are pending for more than five years as per guidelines of Bangladesh Bank. These write offs, however, will not undermine/affect the claim amount against the borrowers. Detailed memorandum records for all such written off accounts are meticulously maintained and followed up.

### 2.06.3 Investments

All investments in shares are initially recognized at cost, being fair value of the consideration given, including acquisition charges associated with the investment.

#### The valuation method of investments

- a) **Held to Maturity (HTM):** Investments which have ‘fixed or determinable payments’, and are intended to be ‘held to maturity’, other than those that meet the definition of ‘held at amortized cost-others’ are classified as held to maturity.
- b) **Held for Trading (HFT):** Investments classified in this category are acquired principally for the purpose of selling or repurchasing -in short-trading or if designated as such by the management. After initial recognition, investments are measured at fair value and any change in the fair value is recognised in the statement of income for the period in which it arises. These investments are subsequently revalued at current market value on weekly basis as per Bangladesh Bank Guideline. Revaluation gain has been shown in revaluation reserve account & revaluation loss has been shown in Profit & Loss account.

Value of investments has been enumerated as follows:

Investment Class	Initial Recognition	Measurement after Recognition	Recording of changes
Government Treasury Bills (HFT)	Cost	Marked to Market/ fair value	Loss to Profit and Loss A/C, gain to revaluation reserve through Profit and Loss Account
Government Treasury Bills (HTM)	Cost	Amortized cost	Increased or decreased in value to equity.
Government Treasury Bonds (HFT)	Cost	Marked to Market/ fair value	Loss to Profit and Loss A/C, gain to revaluation reserve through Profit and Loss Account
Government Treasury Bonds (HTM)	Cost	Amortized cost	Amortized gain/loss to revaluation Reserve
Bangladesh Bank Bill (HFT)	Cost	Marked to Market/ fair value	Loss to Profit and Loss A/C, gain to revaluation reserve through Profit and Loss Account
Bangladesh Bank Bill (HTM)		Amortized cost	Amortized gain/loss to revaluation Reserve
Zero Coupon Bond	Cost	None	None
Prize Bond & Other Bond	Cost	None	None
Un quoted Shares (ordinary)	Cost	Cost	None
Quoted shares (ordinary)	Cost	Lower of cost or market price at balance sheet date	Loss to Profit and Loss A/C but no unrealized gain recorded.

- c) **Investment in Quoted Securities:** These securities are bought and held primarily for the purpose of selling them in future or hold for dividend income. These are reported at cost. Unrealized gains are not recognized in the profit and loss account. But provision for diminution in value of investment is provided in the financial statements which market price is below the cost price of investment as per Bangladesh Bank guideline.
- d) **Investment in Unquoted Securities:** Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.
- e) **Investments in Subsidiary:** Investment in subsidiaries is accounted for under the cost method of accounting in the Bank's Financial Statements in accordance with the Bangladesh Accounting Standard 28. Accordingly, investments in subsidiaries are stated in the Bank's balance sheet at cost, less impairment losses if any.

#### 2.06.4 Non Current Assets

##### a) Property, Plant and Equipment

All fixed assets are stated at cost less accumulated depreciation as per BAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non refundable taxes.

For additions during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charged up to the date of disposal.

##### Depreciation

Depreciation on fixed assets is charged for the year at the following annual rates on a reducing balance method on all fixed assets except on Land:

<u>Category of Fixed Assets</u>	<u>Rate of Depreciation</u>
Furniture and Fixtures	10%
Office Equipment	18%
Motor Vehicles	20%
Building	2.50%

##### b) Intangible Assets

All intangible assets which have probable future inflows are stated as cost less the accumulated amortization. The intangible assets are amortized using estimated useful lives of five years.

##### c) Software

Software acquired by the bank is stated at cost less accumulated amortisation. Subsequent expenditure on software is capitalized only when it increases future economic benefits embodied in specific assets to which it relates. Amortisation is recognized in profit and loss on a straight line basis over the estimated useful life of the software from the date it is available for use. The estimated useful life of software is five years. Useful life, residual value and impairment of status are reviewed at each financial year end and adjusted if applicable.

#### d) Leasehold Assets

Leasehold properties are recorded at present value of minimum lease payments or fair market value, whichever is lower as per the provisions of BAS-17. The carrying value of leasehold properties is amortized over the remaining lease term or useful of leasehold property, whichever is lower.

#### 2.06.5 Other Assets

As per BRPD circular 14 dated 25 June 2001 Provision is to be maintained against other assets considering the recovery status thereof. The following assets are marked as other assets for maintaining provision:

SL	Category of Assets	% Provision		Remarks
1	<b>Unadjusted Expenses</b> [Business development expenses, Travelling expenses, Entertainment expenses, Salary expenses, Advertisement expenses, and Miscellaneous expenses]		100	Unadjusted on or over 1 (One) year from the date of origination.
2	<b>Litigation / Legal Expenses</b>			
	(a) related to unsettled cases	50		
	(b) unadjusted expenses related to settled cases		100	
3	<b>Protested Bill / Fraud / Forgery/ Fund Embezzlement</b>			
	(a) for doubtful	50		If there is any possibility of recovery.
	(b) for bad/loss		100	If there is no possibility of recovery.
4	<b>Miscellaneous</b>		100	Considering Loss category

#### 2.06.6 Liabilities and Provisions

##### a) Borrowings from Other Banks, Financial Institutions and Agents

Borrowed funds include call money deposits, borrowings, refinance borrowings and other term borrowings from banks. These are stated in the balance sheet at amounts payable. Interest paid / payable on these borrowings is charged to the Profit and Loss Account.

##### b) Deposits and Other Accounts

Deposits by customers and banks are recognised when the Bank enters into contractual agreement with the counterparties which is generally on the trade date and initially measured at the consideration received.

##### c) Other Liabilities

Other liability comprise items such as Provision for Loans and Advanced, Provision for Taxes, Interest Suspense, Provision for Other Assets and Accrued Expenses. Other liability is recognized in the Balance Sheet according to the guidelines of Bangladesh Bank, Income Tax Ordinance 1984 and Internal Policies of the Bank. Provisions and accrued expenses are recognized in the financial statements when the Bank has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligation and reliable estimate can be made of the amount of obligation.

#### **d) Provision for Liabilities**

Provision in respect of liability is recognized in the financial statements when the Bank has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation, in accordance with the BAS 37 “Provision, Contingent Liabilities and Contingent Assets”.

#### **e) Provision for Loans and Advances: Stated in Para 2.06.2**

#### **f) Taxation**

##### **f.1 Current Tax**

As per the Income Tax Ordinance 1984, provision for income tax has been made by applying applicable rates.

##### **f.2 Deferred Tax**

Deferred tax is made as per the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary difference and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. The Bank has made adequate provision for deferred tax.

#### **g) Subordinated Bond**

ONE Bank Limited issued unsecured non-convertible subordinated bond on 26 December 2013 after obtaining approval from Bangladesh Bank and Securities and Exchange Commission vide their letter # BRPD (BIC)661/14B(P)/2013-1869, dated 28 November 2013 and SEC/CI/CPLC-159/2002/2714, dated 8 October 2013 respectively. The Subordinated Bond is counted towards Tier-II capital of the Bank. Interest rate of the Bond is calculated as Benchmark rate +3% Margin.

### **2.06.7 Capital and Shareholders' Equity**

#### **2.06.8 Capital Management**

The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve four major objectives: exceed regulatory thresholds and meet longer-term internal capital targets, maintain strong credit ratings, manage capital levels commensurate with the risk profile of the Bank and provide the Bank's shareholders with acceptable returns.

Capital is managed in accordance with the Board-approved Capital Management Planning from time to time. Senior Management develops the capital strategy and oversees the capital Management Planning of the Bank. The Bank's Finance, Treasury and Risk Management department are key in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measure and internal matrix.



### a) Paid up Share Capital

Paid up share capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

### b) Statutory Reserve

Transfer to the statutory reserve has been maintained @ 20% of Profit before Tax in accordance with provisions of section 24 of the Bank Company Act, 1991. This is mandatory until such reserve is equal to the paid up capital together with amount in the share premium account, after this it is optional.

### c) Revaluation Reserve

Revaluation reserve represents revaluation on Treasury bond (HFT & HTM) in accordance with the DOS Circular no.-05, dated May 26, 2008.

## 2.07 Off-Balance Sheet Exposures

In compliance with the instruction of BRPD Circular No. 10 dated September 18, 2007 issued by the Bangladesh Bank, provision against the off-balance sheet exposures of the Bank as at reporting date has been made as follows:

Category/status of Off-balance sheet exposures	Rates	
	Bangladesh Bank's Requirement	Maintained by the Bank
General provisions for off-balance sheet exposures	1%	1%

## 2.08 Revenue Recognition

The revenue of the year is recognized in compliance with the provisions of BAS-18 "Revenue".

### a) Interest Income

In compliance to the provisions of the Bangladesh Accounting Standards (BAS) – 18 "Revenue", the interest is recognized on accrual basis, but necessary information of cash movement related to those accruals are reported separately in the notes. Interest is calculated on daily product basis on loans and advances but charged on a quarterly basis. Interest on classified loans and advances were not taken into income until such advances were declassified / regularized. Interest is charged on classified loans and advances as per Bangladesh Bank's BCD and BRPD circulars. Moreover, interest on classified advances is accounted for when it realized in cash.

### b) Investment Income

Income on investment is recognized on accrual basis. The current provision for income tax and the taxable income of the year is calculated on the basis of interest receivable on the securities i.e. after deduction of accrued interest related to the Treasury Bills and other securities. Investment

income has been constituted by income from Treasury Bills, interest on Securities and Dividend income from share.

- (a) Income on Investments other than dividend on shares is accounted for on an accrual basis
- (b) Dividend income on shares is accounted for on cash receipt basis except for preference share. Dividend income on preference shares is accounted for on accrual basis.

#### **c) Fees, Commission and Other Income**

Fees and Commission income arises from services provided by the Bank for DD, TT, and LBP etc. and recognized on receipt basis. Commission charged on Letters of Credit (LC) and Letters of Guarantee (LG) are credited to income at the time of effecting the transactions. The advance payment of tax on LC commission is duly deposited to the Tax Authority. Similarly, Income Tax and VAT is deducted and deposited to the Tax Authority as per their circulars.

#### **d) Interest and Other Expenses**

In terms of the provision of the Bangladesh Accounting Standard (BAS) –1 “Presentation of Financial Statements”, accrual basis is followed for interest payment and other expenses. The necessary disclosures are given in the notes in compliance with the provisions of BRPD Circular No. 14 dated 25 June 2003.

### **2.09 Cash Flow Statement**

The Cash Flow Statement is presented by using the “Direct Method” of preparing cash flows in compliance with the provisions of the Bangladesh Accounting Standard (BAS) - 7 and format provided by the Bangladesh Bank vide BRPD Circular No. 14 dated 25 June 2003 as applicable for preparation of Cash Flow Statements. To make the Cash Flow Statement more understandable and user friendly about the constitution of figures inserted into the Cash Flow Statement, a number of notes have been given in the notes to the accounts.

### **2.10 Liquidity Statement**

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following bases:

- a. Balance with other banks and financial institutions, money at call on short notice etc. are on the basis of their maturity term.
- b. Investments are on the basis of their maturity.
- c. Loans and advances are on the basis of their repayment/maturity schedule.
- d. Fixed assets are on the basis of their useful life.
- e. Other assets are on the basis of their realization/adjustment.
- f. Borrowing from other banks, financial institutions and agents as per their maturity/repayment term.
- g. Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors.
- h. Provisions and other liabilities are on the basis of their payment/adjustment schedule.

### **2.11 Statement of Changes in Equity**

Statement of changes in equity is prepared in accordance with BAS-1" Presentation of Financial Statements" and under the guidelines of BRPD circular no.14 dated 25 June 2003.

## **2.12 Events after Reporting Period**

All known material events after the Balance Sheet date have been considered and appropriate adjustments/ disclosures have been made in the Financial Statements where necessary up to the date of preparation of Financial Statements as per BAS-10.

## **2.13 Earnings per Share**

Earnings per share (EPS) has been computed by dividing the profit after tax by the number of ordinary shares outstanding as on 31 December 2013 as per BAS- 33 "Earnings per Share". Diluted earnings per share was not required to calculate as there is no dilution possibilities occurred during the year.

## **2.14 Reconciliation of Books of Account**

Books of account in regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled and found no material differences which may affect the Financial Statements significantly.

## **2.15 Authorization of Financial Statements**

The financial statements for the year ended 31 December 2013 have been authorized for issue in accordance with a resolution of the Board of Directors on 25 March 2014.

## **2.16 Materiality and Aggregation**

Each material item as considered significant by the Management has been presented separately in the financial statements. No amount has been set off unless the Bank has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis when permitted by the relevant accounting standards.

## **2.17 Number of Employees**

The number of employees employed in the Bank as on 31 December 2013 was 1,810 of which 1,439 were male and 371 were female. The number of employees per branch was 18 excluding 520 employees in the Head Office of the Bank. During the year 2013, the Bank paid remuneration up to Tk. 36,000 per employee per month to 788 persons and exceeding Tk. 36,000 per employee per month to 1,022 persons.

## **2.18 Employee Benefits**

### **a) Provident Fund (Defined Contribution Plan)**

"Defined Contribution Plan" is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Provident fund benefits are given to the staff of the Bank in accordance with the Provident fund rules. The commissioner of Income Tax has approved the Provident Fund as a recognized fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from 27 February 2001. The fund is operated by a Board of Trustees consisting of 5 (five) members of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as contribution to the fund. The Bank also contributes equal amount of the employees' contribution to the fund. Interest earned from the investments is credited to the members' account on yearly basis. Members are eligible to get both the contributions after 03 (Three) years of continuous service from the date of their Joining the Bank.

**b) Gratuity Fund (Defined Benefit Plan)**

Gratuity fund benefits are given to the staff of the bank in accordance with the approved Gratuity fund rules. National Board of Revenue approved the Gratuity fund as a recognized Gratuity fund on 28 February 2012. The fund is operated by a Board of Trustees consisting of 5 (Five) members of the Bank. Employees are entitled to Gratuity benefit after completion of minimum 05 (five) years of service in the Company. The Gratuity is calculated on the basis of Last Drawn Basic Pay and is payable at the rate of one month's Last Drawn Basic Pay for every completed year of service and six months and above but less than one year will be counted as one year.

**c) Benevolent Fund**

The objective of the fund is to provide financial assistance to all the employees of the Bank for treatment (medical/surgical, physical/other disability, etc) of the employees and or his/her dependent(s); damage or loss of his/her homestead by natural disaster/calamities. The Fund consists of monthly contributions by all the employees of the Bank and from other sources acceptable to the fund management. The fund is operated by a Board of Trustees consisting of 7 (Seven) members of the Bank.

**d) Death cum Survival Superannuation Fund**

The objective of the ONE Bank Ltd Employees' Death cum Survival Superannuation Fund is to provide superannuation and other benefits to the employees of the Bank on their death, disability, retirement/or being incapacitated at any time or for any other cause that may be deemed fit by the Trustees as per Board's approved policy. This Fund consists of annual contributions of Tk.71 lac by the Bank as well as benefits earned from the investment of the fund. The Income Tax Authority approved the Fund as a recognized fund on 19 April 2012 as per the provisions of part - A of the First Schedule of Income Tax Ordinance 1984. The fund is operated by a Board of Trustees consisting of 5 (five) members of the Bank.

**e) Maternity Allowance**

Tk. 10,000/- twice during entire period of service of an employee in the Bank.

**f) Annual Leave Fare Assistance**

The provision for Leave Fare Assistance (LFA) represents the current outstanding liability to employees at the Balance Sheet date. Leave Fare Assistance is a non-recurring benefit for all permanent employees of the Bank who are entitled to annual leave. According to Bangladesh Bank policy, all permanent employees have to avail 15 days annual leave at a stretch on mandatory basis and LFA is given on approval of the leave.

**g) Staff Loan at Bank Rate**

To assist the employees at emergency needs, the Board has introduced Staff Loan to the tune of maximum three months' Basic Pay at Bank Rate for the permanent employees repayable by 24 monthly installments.

**h) Staff House Building Loan**

A permanent staff equivalent to the rank of Principal Officer or above, after completion of 5 (Five) years of service, can avail of a House Building Loan at Bank Rate as per Board's approved policy and approval from the appropriate Authority.

**i) Staff Car Loan Scheme**

All staff at job grades from AVP and above can avail of Car Loan under Staff Car Loan Scheme as per Board's approved policy and approval from the competent Authority.

**j) Honorarium for Banking Diploma Part I & Part II**

On successful completion of part-I & part-II of Banking Diploma examination of the Institute of Bankers, Bangladesh or any other Institute of Bankers recognised by the Bank, an employee is entitled to the following honorarium:

Part-I of Bangladesh Institute of Bankers Tk. 5,000.00 (plus fees incurred by the incumbent)

Part-II of Bangladesh Institute of Bankers Tk. 7,500.00 (plus fees incurred by the incumbent)

**k) Festival Bonus**

Employees who have completed at least 6 (six) months' service with the Bank as on the date of disbursement of Bonus, is entitled to the Festival Bonus on the following basis:

- a) All regular Staff including Staff on Contract and Probationary Officers having break-up of salary @ one month's Basic Pay.
- b) TAO/Casual/Contractual Staff on consolidated pay @ 50% of Consolidated Pay.
- c) The Officers who have joined OBL from other Banks and Financial Institutions but have not yet completed six months service with OBL @ one month's Basic Pay.

**l) Incentive Bonus**

All regular employees of the Bank who have completed at least six months continuous service with the Bank on the date of declaration of bonus, is entitled to the incentive Bonus on the basis of Last Drawn Basic Pay and Appraisal Rating.

**m) Un-availed Earned Leave Encashment**

Maximum 15 (fifteen) days un-availed earned leave can be encashed by an employee. The encashment is calculated on the basis of Last Drawn Basic Pay and is payable at the rate of one month's Last Drawn Basic Pay/30 X No. of encashable Earned Leave.

**2.19 Compliance report on Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs)**

Name of BASs	BAS No.	Status
Presentation of Financial Statements	1	Applied *
Inventories	2	N/A
Statements of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Revenues	18	Applied

<b>Name of BASs</b>	<b>BAS No.</b>	<b>Status</b>
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Consolidated and Separate Financial Statements	27	Applied
Investment in Associates	28	N/A
Financial Instruments: Presentation	32	Applied *
Earnings Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied *
Investment Property	40	N/A
Agriculture	41	N/A
<b>Name of BFRSs</b>	<b>BFRS No.</b>	<b>Status</b>
First-time Adoption of Bangladesh Financial Reporting Standards	1	N/A
Share-based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contracts	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	Applied *
Operating Segments	8	Applied
Disclosure of Interests in other Entities	12	Applied
Fair Value Measurement	13	Applied

N/A = Not Applicable.

\* In order to comply with certain specific rules and regulations of the local Regulatory Authorities which are different to BASs/BFRSs, some of the requirements specified in these BASs/BFRSs are not applied.

## **2.20 BASEL II Implementation**

The BASEL Committee on Banking Supervision has published a new framework for calculating minimum capital requirement, known as 'BASEL II'. The new guideline is structured around three pillars: (i) minimum capital requirement (on credit risk, market risk and operation risk), (ii) supervisory review process and (iii) market discipline. Implementation of BASEL II framework in Bangladesh will integrate the risk management process of the Bank and its capital adequacy requirement. Bangladesh Bank has formed a National Steering Committee and Coordination Committee for implementation of BASEL II in Bangladesh. As per the Committee decision BASEL II has been fully implemented in Bangladesh from January 2011. The National Steering Committee has indicated that following methodology of BASEL II would be followed in Bangladesh:

- i. Standardized method for credit and market risk.
- ii. Basic indicator approach for operational risk.
- iii. Internal Ratings Based for credit risk may be applied from 2012 where prior permission from Bangladesh Bank would be required.

The National Steering Committee has suggested for continuous training of the officers and employees of the banks for capacity building and formation of an implementation team. Implementation team would remain responsible for overall supervision of BASEL II implementation in their banks. It has also suggested that the board of directors should also remain updated on the issue.

Accordingly, the Bank has formed BASEL II implementation team and is providing training to senior management, credit officers and managers of the Bank. BASEL II implementation team has been regularly monitoring and to give various suggestion/instruction regarding implementation of the above three pillars.

## **2.21 Risk Management**

ONE Bank Ltd aims at the delivery of superior shareholder value by achieving the optimum trade-off between risk and return. Our risk management strategy is based on a clear understanding of various risks taken, well-developed risk-assessment and measurement procedures, effective risk-preventing/minimizing, measures and continuous monitoring of the entire process at the very top level. The policies and procedures established for this purpose are being continuously improved to be in line with international best practices.

The ingredients of the risk management system at ONE Bank Ltd is capital structure, complexity of functions, level of technical expertise, quality of MIS, etc. and it is structured to address the total risk, i.e. both banking as well as non-banking risks. It also covers both on-balance sheet and off-balance sheet exposures. The prime objective of this risk management system is to ensure that the Bank takes well-calculated business risks while safeguarding the Bank's capital, its financial resources, profitability from various risks and the reputation.

The risks are defined as the possibility of losses, financial or otherwise. The Risk Management of the Bank covers 6 (Six) Core Risk Areas of banking as defined by the Bangladesh Bank. The Areas are as follows:

- 1) Credit Risk Management;
- 2) Foreign Exchange Risk Management;
- 3) Asset Liability Management;
- 4) Prevention of Money Laundering;
- 5) Internal Control & Compliance; and
- 6) Information Technology.

In light of the Risk Management, Bank takes well calculative business risks for safeguarding its capital, financial resources, and profitability. In this context, the Bank took steps to implement the guidelines of Bangladesh Bank as under:

### **2.21.1 Credit Risk Management**

Credit Risk is most simply defined as the potential that a bank's borrower or counter party will fail to meet its obligations in accordance with agreed terms. This includes non-repayment of capital and/or interest within the agreed time frame, at the agreed rate of interest and in the agreed currency. The goal of credit risk management at the ONE Bank Ltd. is to maximize the bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters.

The Bank has designed Credit Risk Management activities by addressing major risks. Credit Risk is one of the major risks, which can be assumed as potential loss arising from the failure of a counter party to perform contractual responsibility. This may happen due to unwillingness of the counter party or declining his / her financial abilities for adverse environment.

The officers/ executives involved in credit related activities including credit approval, administration; monitoring and recovery functions have been segregated. A separate Credit Division has been established at Corporate Head-quarters, which is entrusted with the responsibilities of maintaining effective relationship with customers, making of credit products, exploring new business opportunities. For this purpose, three separate units (a) Credit Risk Management Unit, (b) Credit Administration Unit, (c) Credit Monitoring and Recovery Unit have been formed within Credit Division. These units are entrusted with the duties of maintaining asset quality, assessing risk in lending to a particular customer, sanctioning credit, formulating policy/strategy for lending operation etc.

An effective assessment is done before sanction of any credit facility at Credit Risk Management Unit, which includes borrower risk analysis, historical performance of the customer, security of the proposed credit facility etc. The process starts by a Relationship Manager and approved/discharged by the competent authority. Credit approval authority has been delegated to the individual executives. Proposal beyond their delegation are approved /declined by the Executive Committee and the Management.

In determining Single Borrower/Large Loan limit, the instructions of Bangladesh Bank are strictly followed.

#### **2.21.2 Foreign Exchange Risk Management**

Foreign Exchange Risk is defined as the potential change in earnings arising due to change in market prices. The front office of the Treasury Department of the Bank independently conducts the transactions and the back office is responsible of verification for the deals and passing of their entries in books of accounts. All foreign exchange transactions are revalued at Market rate as determined by Bangladesh Bank at the month end. The reconciliation of Nostro Accounts is done on monthly basis and reviewed outstanding entries beyond 30 days by the Management for its settlement.

#### **2.21.3 Asset Liability Risk Management**

The Bank has formed an Asset Liability Committee (ALCO) for monitoring Balance Sheet risk and Liquidity risk of the Bank. The Balance Sheet risk is defined as potential change in earnings due to change in rate of interest, foreign exchange rates which are not of trading nature. ALCO reviews Liquidity requirement of the bank, the maturity of assets and liabilities, deposit and lending pricing strategy and the liquidity contingency plan.

#### **2.21.4 Prevention of Money Laundering**

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has a Central Compliance Unit (CCU) where designated Chief Compliance Officer (CAMLCO) and two other Deputy Chief Compliance officers at Corporate HQ. A Branch Anti Money Laundering compliance officers (BAMLCO) is assigned in every branch of the Bank who independently review the transactions of the accounts to verify suspicious transactions.

The Bank has a Guideline Manual for prevention of money laundering and introduced KYC program since its inception. Training has been continuously given to all the category of officers and executives for developing awareness and skill for identifying suspicious activities.

#### **2.21.5 Internal Control System**

Internal Control is a control mechanism establishes in the operation and management of the Bank by introducing required policies for comply the tasks appropriately.



The Management established a professional and efficient working environment within the Bank by creating and maintaining adequate and effective internal control systems. Internal audit have been conducted on periodical interval to ensure appropriate compliance of Bank's and Regulatory policies. Loans are classified as per Bangladesh Bank's guidelines. The Audit Committee of the Board has been reviewing the performances of the internal control system and apprising the Board as and when necessary.

The Management recognizes and appreciates the value and significance of internal controls and ensures the presence of an efficient and effective control system by identifying control objectives, devising pertinent policies/ procedures and establishing relevant control procedures covering all areas of activities, after approval of the competent authority.

### **2.21.6 Information and Technology**

ONE Bank Limited follows the guideline stated in BRPD circular no. 14 dated 23 October 2005 regarding "Guideline on Information and Communication Technology" for scheduled Banks. IT management deals with IT policy documentation, internal IT audit, training etc. The objective of IT management is to achieve the highest levels of technology service quality by minimum operational risk. Physical security involves providing environmental safeguards as well as controlling physical access to equipment and data. IT department has controls over password, User ID maintenance, input control, network security, virus protection, internet and e-mail. Data centre has been set up and disaster recovery plan has been formulated as part of Business Continuity Planning (BCP).

### **2.22 Disclosure on fraud and forgeries committed by bank employees:**

At OBL, we follow a stringent screening process while we recruit officers and staff. The prospective employee's family background / employment history/association is checked/cross checked in terms of integrity, attitude and behavioral pattern. As a result, the Bank since its inception has seen comparatively very few cases of fraud and forgeries. Moreover, our Internal Control and Compliance Division has been strengthened to remain ever vigilant. These have reduced the chances of fraudulent activities in ONE Bank Limited.

Further after taking appropriate measures against delinquent officers, if such occasion arises, we circulate it to all our employees with an objective to caution them from taking part in any fraudulent transaction. Consequently, the number of fraud cases in ONE Bank Limited is at a minimal level. However, in the year-2013, total 3 cases of such fraud and forgeries were identified and thereafter reported to Bangladesh Bank in compliance with the Department of Banking Inspection instruction no. DBI-1 (Niti)/1025/2012-41 dated 07 February 2012 and the Department of Off-site Supervision (DOS) circular letter no. 17 dated 07 November 2012 of Bangladesh Bank. Total embezzled amount involves with the 3 fraud cases is Tk. 31,36,147.00 ( Taka thirty one lac thirty six thousand one hundred forty seven) only. In all the three cases, the embezzled amounts have been realized in full and the responsible officers have been dismissed from the services of the Bank.

### **2.23 Regulatory Compliance**

The Bank complied with the requirements of following regulatory and legal authorities:

- a. The Bank Company Act, 1991 (amendment in 2013).
- b. The Companies Act, 1994.
- c. Rules and Regulations issued by Bangladesh Bank.
- d. The Securities and Exchange Rules 1987, The Securities and Exchange Ordinance 1969, The Securities and Exchange Commission Act 1993.
- e. The Income Tax Ordinance, 1984.
- f. The VAT Act, 1991.

## 2.24 Rearrangement

Last year figures of Notes Number 9, 13, 18, 19, 22 and 31 in the Financial Statements have been rearranged to confirm the current year's presentation.

## 2.25 General

- a) Figures appearing in these Financial Statements have been rounded off to the nearest Taka.
- b) Memorandum items like Stock of Travelers' Cheques, Shanchaya Patras, Investment bonds and Premium bonds are not reflected as off balance sheet items in the Financial Statements.

However, the stocks of such items are stated below:

<b>Stocks of Items</b>	<b>2013 Taka</b>	<b>2012 Taka</b>
Bangladesh Shanchaya Patras	921,314,904	878,730,885
US\$ Investment Bonds	20,975,000	146,724,191
US\$ Premium Bonds	2,791,875	146,324,942
Wage Earners Development Bond	23,700,000	23,700,000
<b>Total</b>	<b>968,781,779</b>	<b>1,195,480,018</b>

Wherever considered necessary, previous year's figures have been rearranged to conform to current year's presentation and for the purpose of comparison.

## 2.26 Audit Committee

The Audit Committee of the Board was duly constituted by the Board of Directors of the Bank as per Bangladesh Bank's BRPD Circular No 12 dated 23 December 2002. The Board of Directors at its 194<sup>th</sup> Board Meeting held on 13 June 2013 reconstituted the committee as under:

<b>Sl No.</b>	<b>Committee Members</b>	<b>Status with the Bank</b>	<b>Position in the Committee</b>	<b>Educational Qualification</b>
1	Mr. Syed Nurul Amin	Director	Chairman	B. Com
2	Mr. A. S. M. Shahidullah Khan	Director	Member	B. Sc (Hons)
3	Mr. Shawket Jaman	Director	Member	B. Com

As per the above Circular of Bangladesh Bank, the Company Secretary of the Bank is the Secretary of the Audit Committee.

The Audit Committee of the Board conducted 5 (five) meetings from January 1 to December 31, 2013.

The Committee reviewed the inspection reports of Bangladesh Bank, Internal Audit Department and compliance thereof by the Management of the Bank. They have also reviewed the draft Financial Statements of the Bank audited by the External Auditors.

In the Last AGM, Mr. Syed Nurul Amin, Independent Director elected as Chairman of the Audit Committee of the Board of Directors.

### 3 Cash

	<b>2013</b> <b>Taka</b>	<b>2012</b> <b>Taka</b>
Cash in hand (note-3.1)	1,099,408,003	696,450,690
Balance with Bangladesh Bank and its agent's bank (note-3.2)	7,723,234,121	6,873,381,835
	<b>8,822,642,124</b>	<b>7,569,832,525</b>

#### 3.1 Cash in hand (including foreign currencies)

In local currency	1,089,421,687	693,544,537
In foreign currencies	9,986,316	2,906,153
	1,099,408,003	696,450,690
Off-shore banking unit	-	-
	<b>1,099,408,003</b>	<b>696,450,690</b>

#### 3.2 Balance with Bangladesh Bank and its agent's bank (including foreign currencies)

Bangladesh Bank		
In local currency *	5,162,510,000	4,032,029,602
In foreign currencies	2,155,936,685	2,416,506,565
	7,318,446,685	6,448,536,167
Balance with Sonali Bank being an agent of Bangladesh Bank	404,787,435	424,845,668
	7,723,234,121	6,873,381,835
Off-shore banking unit	-	-
	<b>7,723,234,121</b>	<b>6,873,381,835</b>

\* Reconciliation statements regarding Bangladesh Bank balance are given Annexure-B

### 3.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 33 of the Bank Companies Act 1991 and MPD Circular No. 02 dated 10 December 2013 issued by Bangladesh Bank.

The Cash Reserve Requirement on the Bank's time and demand liabilities at the rate of 6% has been calculated and maintained with Bangladesh Bank in current account and 19% Statutory Liquidity Ratio, including CRR, on the same liabilities has also been maintained in the form of treasury bills, bonds, Foreign Currency with Bangladesh Bank. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:

#### a) Statutory Liquidity Ratio (SLR): 19% of Average Demand and Time Liabilities

Required reserve	15,879,273,218	12,730,734,065
Reserve held (a.1)	15,879,298,903	13,064,226,298
Surplus	25,685	333,492,233

#### a.1 Reserve held :

Cash Reserve Requirement (CRR)	5,168,867,196	4,084,115,863
Statutory Liquidity Ratio (Excluding surplus amount of CRR)	10,710,431,707	8,980,110,435
	15,879,298,903	13,064,226,298

#### b) Cash Reserve Requirement (CRR) : 6% of average Demand and Time Liabilities

Average Demand and Time Liabilities	<b>83,575,122,200</b>	<b>67,003,863,500</b>
Required reserve	5,014,507,332	4,020,231,810
Balance with Bangladesh Bank	5,162,510,000	4,032,029,602
Amount in reconciliation (Net)**	6,357,195	52,086,261
Reserve held with Bangladesh Bank in local currencies	5,168,867,196	4,084,115,863
Surplus/(Shortage)	<b>154,359,864</b>	<b>63,884,053</b>

\*\* The balance of local currency account was duly reconciled as of 31 December 2013 and the above amount was matched accordingly.

#### c) Statutory Liquidity Ratio (Other than CRR): 13% of Average Demand and Time Liabilities:

Required reserve	10,864,765,886	8,710,502,255
Reserve held (c.1)	10,864,791,571	8,980,110,435
Surplus/(Shortage)	25,685	269,608,180

	<b>2013</b>	<b>2012</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>c.1 Reserve held (Other than CRR) :</b>		
Cash in hand including foreign currency	1,099,408,003	696,450,690
Balance with Bangladesh Bank in foreign currency	356,196,000	-
Balance with Sonali Bank being an agent of Bangladesh Bank	404,787,435	424,845,668
Bangladesh Bank bill	649,757,142	239,233,143
Reverse Repo	430,000,000	-
Treasury Bills	3,523,112,632	4,709,793,578
Treasury Bonds	4,247,170,494	2,909,787,356
<b>Sub Total</b>	<b>10,710,431,707</b>	<b>8,980,110,435</b>
Balance with Bangladesh Bank -local currency (Surplus amount of CRR )	154,359,864	-
<b>Total</b>	<b>10,864,791,571</b>	<b>8,980,110,435</b>
<b>3 (a) Consolidated Cash</b>		
<b>i Cash in hand</b>		
ONE Bank Limited	1,099,408,003	696,450,690
ONE Securities Limited	-	-
	<b>1,099,408,003</b>	<b>696,450,690</b>
<b>ii Balance with Bangladesh Bank and its agent's bank</b>		
ONE Bank Limited	7,723,234,121	6,873,381,835
ONE Securities Limited	-	-
	<b>7,723,234,121</b>	<b>6,873,381,835</b>
<b>4 Balance with Other Banks and Financial Institutions</b>		
In Bangladesh ( <b>note-4.1</b> )	1,113,304,583	2,193,726,085
Outside Bangladesh ( <b>note-4.2</b> )	516,875,249	919,272,647
	<b>1,630,179,831</b>	<b>3,112,998,732</b>
<b>4.1 In Bangladesh</b>		
In current accounts ( <b>note-4.3</b> )	55,204,192	131,792,900
Other deposit accounts [ <b>note-4.3(a)</b> ]	1,058,100,391	2,061,933,185
	<b>1,113,304,583</b>	<b>2,193,726,085</b>
<b>4.2 Outside Bangladesh</b>		
In current accounts ( <b>note-4.4</b> )	516,875,249	520,023,147
Other deposit accounts	-	-
	516,875,249	520,023,147
Off-shore Banking Unit	-	399,249,500
	516,875,249	919,272,647
<b>4.3 Current Accounts (In Bangladesh)</b>		
AB Bank Limited	10,527,576	16,617,569
BRAC Bank Limited	294,805	296,305
Sonali Bank Limited	42,252,360	114,679,026
Trust Bank Limited	1,565,368	200,000
Standard Chartered Bank	564,083	-
	<b>55,204,192</b>	<b>131,792,900</b>
<b>4.3(a) Other Deposit Accounts (In Bangladesh)</b>		
(Name of the banks and financial institutions)		
Lanka Bangla Finance Limited	-	235,000,000
ICB Islamic Bank Limited	74,919,000	75,319,000
BD. Industrial Finance Com. Limited	-	50,000,000
IDLC Finance Limited	25,500,000	25,500,000
Bank Asia Limited	600,000,000	-
Bank Al-Falah Limited	150,000,000	-
PFI Securities Limited	-	500,000,000
Lanka Bangla Securities Limited	-	800,000,000
United Commercial Bank Limited	4,241,354	19,031,617
AB Bank Limited	1,580,139	145,100
Eastern Bank Limited	3,742,948	3,560,398
Uttara Bank Limited	198,050,158	343,972,780
Jamuna Bank Limited	726	18,231
Prime Bank Limited	66,066	9,386,058
	<b>1,058,100,391</b>	<b>2,061,933,185</b>

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>4.4 Current Accounts (Outside Bangladesh)</b>		
(Name of the banks and financial institutions)		
Nepal Bangladesh Bank Limited	1,270,321	1,304,630
Standard Chartered Bank	110,523,641	125,394,375
Unicredit Bank	8,341,355	12,176,892
Commerzbank AG Frankfurt	8,008,873	11,572,960
Union De Banques Arabes Et Francaises	-	19,968,901
Habib Bank Limited	100,940,290	-
Mashreq Bank Psc	(27,809,610)	23,700,808
Arab Bangladesh Bank, Mumbai	54,208,745	32,333,701
Citibank NA, New York	2,646,437	2,717,913
SEYLON Bank Limited	3,656,861	1,208,675
The Hongkong and Shanghai Banking Corporation Ltd.	71,669,152	108,621,754
ICICI Bank Limited	6,231,232	35,248,911
Wells Fargo Bank N.A	169,071,539	140,921,414
Westpac Banking Corporation	1,260,128	2,673,894
Bank of Nova Scotia	6,856,287	2,178,321
	<b>516,875,249</b>	<b>520,023,147</b>

(For details of foreign currency amount and rate thereof see "Annexure - C")

<b>4.5 Maturity of balances with other banks and financial institutions</b>		
Up to 1 month	1,142,085,870	2,868,005,732
More than 1 months to 3 months	258,396,803	119,999,875
More than 3 months to 1 year	204,197,474	124,993,125
More than 1 year to 5 years	25,499,684	-
More than 5 years	-	-
	<b>1,630,179,831</b>	<b>3,112,998,732</b>

**4 (a) Consolidated Balance with Other Banks and Financial Institutions**

**In Bangladesh**

ONE Bank Limited	1,113,304,583	2,193,726,085
ONE Securities Limited	4,627,862	8,974,031
	<b>1,117,932,445</b>	<b>2,202,700,116</b>

**Outside Bangladesh**

ONE Bank Limited	516,875,249	919,272,647
ONE Securities Limited	-	-
	<b>516,875,249</b>	<b>919,272,647</b>
	<b>1,634,807,694</b>	<b>3,121,972,763</b>

**5 Money at call on short notice**

Southeast Bank limited	500,000,000	30,000,000
Lanka Bangla Finance Limited	170,000,000	-
Mercantile Bank Limited	-	100,000,000
Uttara Bank Limited	-	150,000,000
Mutual Trust Bank Limited	-	100,000,000
	<b>670,000,000</b>	<b>380,000,000</b>

	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
<b>6 Investments</b>		
In Government securities		
Treasury bills ( <b>note-6.1</b> )	3,523,112,632	4,709,793,578
Bangladesh Bank bill ( <b>note-6.2</b> )	649,757,142	239,233,143
Treasury bonds ( <b>note-6.3</b> )	4,247,170,494	2,909,787,356
Reverse Repo ( <b>note-6.4</b> )	430,000,000	-
Prize Bonds	3,207,000	3,288,200
	<u>8,853,247,269</u>	<u>7,862,102,278</u>
Other Investment		
Shares (Quoted and Unquoted) ( <b>note-6.4</b> )	1,279,076,364	1,709,784,831
NBL Subordinated bond	80,000,000	100,000,000
Orascom bond	80,000,000	120,000,000
	<u>1,439,076,364</u>	<u>1,929,784,831</u>
Off-shore Banking Units	-	-
	<u>1,439,076,364</u>	<u>1,929,784,831</u>
	<u>10,292,323,633</u>	<u>9,791,887,109</u>

#### 6.1 Treasury Bills

Treasury Bills (HTM) [( <b>note-6.1(a)</b> )]	2,266,280,856	1,563,063,118
Treasury Bills (HFT) [( <b>note-6.1(b)</b> )]	1,256,831,776	3,146,730,460
	<u>3,523,112,632</u>	<u>4,709,793,578</u>

#### 6.1(a) Treasury Bills (HTM)

	Amortized Cost (Book Value)		Face value	
	2013	2012	2013	2012
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
364 days Treasury Bills	1,678,598,337	1,563,063,118	1,732,600,000	1,599,400,000
182 days Treasury Bills	483,485,485	-	500,000,000	-
91 days Treasury Bills	104,197,034	-	105,700,000	-
	<u>2,266,280,856</u>	<u>1,563,063,118</u>	<u>2,338,300,000</u>	<u>1,599,400,000</u>

#### 6.1(b) Treasury Bills (HFT)

	Marked To market Value (Book Value)		Face value	
	2013	2012	2013	2012
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
364 days Treasury Bills	1,002,993,826	1,673,614,880	1,031,700,000	1,815,500,000
182 days Treasury Bills	253,837,950	1,359,776,505	255,200,000	1,399,600,000
91 days Treasury Bills	-	113,339,075	-	115,700,000
	<u>1,256,831,776</u>	<u>3,146,730,460</u>	<u>1,286,900,000</u>	<u>3,330,800,000</u>

#### 6.2 Bangladesh Bank Bills

Bangladesh Bank Bills (HTM) [note-6.2(a)]	649,757,142	-
Bangladesh Bank Bills (HFT) [note-6.2(b)]	-	239,233,143
	<u>649,757,142</u>	<u>239,233,143</u>

#### 6.2(a) Bangladesh Bank Bills (HTM)

	Amortized Cost (Book Value)		Face value	
	2013	2012	2013	2012
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
30 days Bangladesh Bank Bills	649,757,142	-	650,000,000	-

#### 6.1(C) Bangladesh Bank Bills (HFT)

	Marked To market Value (Book Value)		Face value	
	2013	2012	2013	2012
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
30 days Bangladesh Bank Bills	-	239,233,143	-	240,000,000

	<u>2013</u>	<u>2012</u>
	<u>Taka</u>	<u>Taka</u>
<b>6.3 Treasury Bonds</b>		
Treasury Bonds (HTM) [(note-6.3(a))]	3,260,448,498	1,949,531,649
Treasury Bonds (HFT) [(note-6.3(b))]	986,721,996	960,255,707
	<u>4,247,170,494</u>	<u>2,909,787,356</u>

#### 6.3 (a) Treasury Bonds (HTM)

	<u>Amortized Cost (Book Value)</u>		<u>Face value</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
5 Years Treasury Bonds (Premium)	450,536,388	276,008,866	450,000,000	275,100,000
10 Years Treasury Bonds (Premium)	102,184,101	102,470,301	100,000,000	100,000,000
15 Years Treasury Bonds (Premium)	9,112,148	9,112,463	9,100,000	9,100,000
<b>Sub-total</b>	<b>561,832,637</b>	<b>387,591,630</b>	<b>559,100,000</b>	<b>384,200,000</b>
2 Years Treasury Bonds (Discount)	128,345,273	-	128,500,000	-
5 Years Treasury Bonds (Discount)	357,475,675	42,868,788	358,000,000	42,900,000
10 Years Treasury Bonds (Discount)	843,336,188	463,121,456	845,100,000	463,400,000
15 Years Treasury Bonds (Discount)	86,288,196	9,680,034	86,600,000	9,700,000
20 Years Treasury Bonds (Discount)	61,170,529	15,369,741	61,400,000	15,400,000
<b>Sub-total</b>	<b>1,476,615,861</b>	<b>531,040,019</b>	<b>1,479,600,000</b>	<b>531,400,000</b>
5 Years Treasury Bonds (At par)	527,800,000	447,300,000	527,800,000	447,300,000
10 Years Treasury Bonds (At par)	592,700,000	490,300,000	592,700,000	490,300,000
15 Years Treasury Bonds (At par)	44,300,000	36,100,000	44,300,000	36,100,000
20 Years Treasury Bonds (At par)	57,200,000	57,200,000	57,200,000	57,200,000
<b>Sub-total</b>	<b>1,222,000,000</b>	<b>1,030,900,000</b>	<b>1,222,000,000</b>	<b>1,030,900,000</b>
<b>Total</b>	<b>3,260,448,498</b>	<b>1,949,531,649</b>	<b>3,260,700,000</b>	<b>1,946,500,000</b>

#### 6.3 (b) Treasury Bonds (HFT)

	<u>Marked To market Value (Book Value)</u>		<u>Face value</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
5 Years Treasury Bonds	719,106,817	696,009,285	758,400,000	758,400,000
10 Years Treasury Bonds	267,615,178	264,246,422	308,000,000	308,000,000
	<u>986,721,996</u>	<u>960,255,707</u>	<u>1,066,400,000</u>	<u>1,066,400,000</u>

Investments in securities which are Held To Maturity (HTM) are incorporated at their amortized cost and investment held for trading (HFT) at their marked to market basis according to DOS Circular Letter No.05 dated 26 May of 2008.

#### 6.4 Disclosure regarding outstanding repo as on 31 December 2013

SL no	Counter party name	Agreement Date	Reversal Date	Amount
1	Bangladesh Bank	30/12/2013	01/01/2014	430,000,000

#### 6.5 Other Investments -Shares

##### In shares (quoted and unquoted)

##### Quoted:

	<u>2013</u>	<u>2012</u>
	<u>Taka</u>	<u>Taka</u>
The City Bank Limited	147,995,755	147,995,755
Prime Bank Limited	140,673,639	140,673,639
IFIC Bank Limited	170,983,059	170,983,059
ACI Limited	199,422,237	199,422,237
Lanka Bangla Finance Limited	80,000,000	80,000,000
Jamuna Oil Company Limited	-	44,673,400
Heidelberg Cement Limited	-	199,325,390
Titas Gas Transmission and Distribution Co. Ltd	-	45,748,800
Summit Alliance Port Ltd.	5,945	-
BRAC Bank Limited	138,897,107	138,897,107

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
Ocean Containers Limited	-	5,945
R A K Ceramics	5,664	5,664
Khulna Power Company Limited	14,897,834	14,897,834
Phoenix Finance 1st Mutual Fund	43,700,613	43,700,613
Apex Tannery	1,450,000	1,450,000
Eastern Bank Limited	1,983,900	1,983,900
MI Cement Factory Limited	5,533	5,533
MJL BD Limited	61,074,190	61,074,190
Islami Bank BD Limited	27,726,980	27,726,980
Bank Asia Limited	107,000,000	107,000,000
Apex Adelchi Footwear Limited	-	15,159,555
Square Pharmaceuticals Ltd.	638	105,485,780
	<b>1,135,823,094</b>	<b>1,546,215,381</b>
<b>Unquoted:</b>		
Khulna Power Company Limited	40,000,000	80,000,000
Infrastructure Development Finance Company	29,683,820	10,000,000
Central Depository Bangladesh Limited	1,569,450	1,569,450
Lanka Bangla Securities Limited	72,000,000	72,000,000
	<b>143,253,270</b>	<b>163,569,450</b>
	<b>1,279,076,364</b>	<b>1,709,784,831</b>

**6.5(a) Comparison between cost and market price of quoted shares as on 31 December 2013**

	No. of shares including bonus shares	Market price per share	Market value at 31-12-2013	Cost at 31-12-2013	Surplus/ Deficiency
Lanka Bangla Finance Ltd.	10,120,000	66.50	672,980,000	80,000,000	592,980,000
The City Bank Ltd	8,061,872	20.20	162,849,814	147,995,755	14,854,060
IFIC Bank Ltd. *	3,108,740	34.30	106,629,782	170,980,700	(64,350,918)
ACI Ltd	578,721	171.50	99,250,652	199,422,237	(100,171,585)
BRAC Bank Ltd	3,091,200	32.60	100,773,120	138,897,107	(38,123,987)
Summit Alliance Port Ltd co	82	30.30	2,485	5,945	(3,460)
RAK Ceramics	155	53.30	8,262	5,664	2,598
Khulna Power	211,917	49.10	10,405,125	14,897,834	(4,492,710)
Square Pharma	5	190.20	951	638	313
Apex Tannery	10,000	124.60	1,246,000	1,450,000	(204,000)
Prime Bank Ltd.	3,257,210	25.90	84,361,739	140,673,639	(56,311,900)
MI Cement Factory Ltd	56	78.20	4,379	5,533	(1,154)
MJL BD Limited	575,080	75.10	43,188,508	61,074,190	(17,885,682)
Islami Bank BD ltd	731,250	34.60	25,301,250	27,726,980	(2,425,730)
Bank Asia Ltd	3,300,000	23.00	75,900,000	107,000,000	(31,100,000)
Eastern Bank Ltd	40,500	29.10	1,178,550	1,983,900	(805,350)
Phonix Finance 1st Mutual F	2,847,500	5.40	15,376,500	43,700,613	(28,324,113)
IFIC Bank Ltd	40	34.30	1,372	2,359	(987)
		<b>Total</b>	<b>1,399,458,488</b>	<b>1,135,823,094</b>	<b>263,635,394</b>

\* ONE Bank Limited acquired 3,108,740 no. of shares of IFIC Bank Limited under a Sale and Buy Back Agreement dated August 10, 2006. The Buy Back Guarantors failed to exercise the purchasing option within the tenure of the Agreement and upon expiry, ONE Bank Limited placed the shares to IFIC Bank Limited for transfer to ONE Bank's name. As the IFIC Bank was delaying transfer of the shares, ONE Bank Limited filed a suit before the Honorable High Court Division of the Supreme Court of Bangladesh for transfer of the shares in favor of ONE Bank Limited. Subsequently, the Court directed IFIC Bank to transfer the said shares including Bonus Shares in the name of ONE Bank Ltd. Now the matter is lying in the Appellate Division for hearing, relating to transfer of 29,118,718 shares including 26,009,978 Bonus Shares declared for the years from 2003 to 2012 against the original 3,108,740 no. of shares.

The total market value of 29,118,718 shares of IFIC Bank Limited as of 31 December 2013 was Tk 998,772,027 exceeding the original investment by Tk.827,791,327.

**6.6 Residual Maturity of Investments**

Payable on demand	1,302,977,672	393,501,364
Up to 3 months	670,588,509	1,340,504,162
Above 3 months to 1 year	4,288,626,511	4,927,979,156
Above 1 year to 5 years	1,862,968,077	1,713,799,433
Above 5 years	2,167,162,864	1,416,102,994
	<b>10,292,323,633</b>	<b>9,791,887,109</b>

The above amount includes investment in the Government securities as well as other investment.



	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>6 (a) Consolidated Investments</b>		
<b>In Government securities</b>		
ONE Bank Limited	8,853,247,269	7,862,102,278
ONE Securities Limited	-	-
	<b>8,853,247,269</b>	<b>7,862,102,278</b>
<b>Other Investment</b>		
ONE Bank Limited	1,439,076,364	1,929,784,831
ONE Securities Limited	1,799,760,500	1,799,760,500
	<b>3,238,836,864</b>	<b>3,729,545,331</b>
	<b>12,092,084,133</b>	<b>11,591,647,609</b>

## 7 Loans and Advances

### Loans, Cash Credit, Overdraft etc.

#### 7.1 Loans and Advances including bills purchased and discounted classified into the following broad categories:

##### i) In Bangladesh

Loans	55,804,875,168	42,522,486,739
Lease finance (note-7.2)	2,227,625,481	2,309,313,606
Cash Credit	129,936,840	28,944,194
Overdraft	13,034,813,810	11,293,359,094
	71,197,251,298	56,154,103,632
Off-shore Banking Unit	1,604,662,582	72,464,407
	<b>72,801,913,880</b>	<b>56,226,568,039</b>
Bills purchased and discounted	3,638,051,203	3,820,220,976
Off-shore Banking Unit	133,380,007	169,340,287
	<b>3,771,431,210</b>	<b>3,989,561,263</b>
<b>Outside Bangladesh</b>	-	-
	<b>76,573,345,090</b>	<b>60,216,129,302</b>

##### 7.2 Lease finance

Lease rental receivable within 1 year	141,792,372	19,234,795
Lease rental receivable within 5 years	2,467,095,189	2,525,270,358
Lease rental receivable after 5 years	-	252,827,564
<b>Total lease receivable</b>	<b>2,608,887,561</b>	<b>2,797,332,718</b>
Less: Unearned interest income	381,262,081	488,019,111
<b>Net Lease Finance</b>	<b>2,227,625,481</b>	<b>2,309,313,606</b>

##### 7.3 Residual Maturity grouping of loans and advances including bills purchased and discounted

Payable on demand	9,611,811,829	6,615,283,749
Up to 3 months	20,285,410,076	18,876,907,489
Above 3 months to 1 year	22,204,611,030	20,957,308,518
Above 1 year to 5 years	20,041,909,955	4,817,290,344
Above 5 years	4,429,602,200	8,949,339,202
	<b>76,573,345,090</b>	<b>60,216,129,302</b>

##### 7.4 Loans and Advances on the basis of significant concentration

i. Advance to Directors	-	-
ii. Advance to Managing Director & Senior Executives	262,618,428	140,209,881
iii. Advance to Customer's group:		
Commercial lending	34,944,010,384	31,346,220,977
Agricultural loan	1,187,600,000	1,308,997,543
Export financing	3,926,315,222	4,768,407,167
Consumer credit scheme	756,880,754	1,237,975,153
Small and medium enterprise financing	7,807,529,926	5,868,591,694
Staff loan (except Sl. No. ii)	120,195,362	75,682,008
House building loan (other than the employees)	1,816,566,092	1,451,508,541
Others	25,751,628,921	14,018,536,338
	<b>76,573,345,090</b>	<b>60,216,129,302</b>

	<b>2013</b>	<b>2012</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>7.5 Industry-wise outstanding of loans &amp; advances</b>		
Trade finance	11,833,098,685	12,378,355,817
Steel Re-Rolling	1,541,198,583	1,222,246,597
Readymade Garments	10,041,968,398	8,803,412,461
Textiles	4,647,224,415	4,515,319,940
Edible oil, Rice, Flour etc.	423,814,524	311,295,588
Power	1,542,600,000	1,407,877,700
Transport	1,687,664,182	735,172,691
Construction/Engineering	1,611,358,532	3,164,205,166
Personal	2,330,604,943	3,663,616,578
Pharmaceuticals	2,023,106,270	2,094,449,640
Real Estate	3,444,911,046	2,872,222,088
Cargo and Travel Services	227,936,463	114,470,084
Paper & Packaging	1,874,437,440	1,780,128,765
Agro based industry/Dairy products	579,225,175	553,939,408
Others	32,764,196,433	16,599,416,779
	<b><u>76,573,345,090</u></b>	<b><u>60,216,129,302</u></b>

**7.6 Geographical Location-wise Loans and advances**

Dhaka Division	53,601,872,926	42,742,730,506
Chittagong Division	19,423,405,892	14,546,025,202
Rajshahi Division	891,836,968	803,253,314
Khulna Division	1,567,728,146	1,194,234,473
Sylhet Division	907,471,082	830,127,444
Rangpur Division	168,124,323	99,758,363
Barisal Division	12,905,753	-
	<b><u>76,573,345,090</u></b>	<b><u>60,216,129,302</u></b>

**7.7 Classification of loans and advances**

Unclassified (including Staff Loan)	71,057,464,090	55,979,470,748
Unclassified (Special Mention Account)	1,775,129,000	913,777,831
Substandard	522,436,000	741,771,660
Doubtful	305,684,000	490,709,403
Bad & Loss	2,912,632,000	2,090,399,661
	<b><u>76,573,345,090</u></b>	<b><u>60,216,129,302</u></b>

**7.8 Number of clients with outstanding amount and classified loans and advances exceeding 10% of total capital of the Bank. Total capital of the Bank was Taka 12,069.72 million as at 31 December 2013 (Tk 8,437.92 million in 2012).**

Number of clients (Annexure-D)		<b>13</b>	<b>33</b>
Amount of outstanding loans & advances	Tk.	<u>23,505,300,000</u>	<u>26,528,700,000</u>
Amount of classified loans and advances	Tk.	<u>-</u>	<u>-</u>

	<b>2013</b>	<b>2012</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>7.9 Bills purchased and discounted</b>		
Payable in Bangladesh	3,323,526,852	3,679,550,377
Payable outside Bangladesh	447,904,358	310,010,886
	<b><u>3,771,431,210</u></b>	<b><u>3,989,561,263</u></b>
<b>7.10 Maturity of Bills purchased and discounted</b>		
Upto 1 month	499,424,158	463,013,108
Above 1 month but less than 3 months	1,517,846,079	2,022,089,312
Above 3 months but less than 6 months	1,640,076,003	1,289,573,872
6 months or more	114,084,970	214,884,971
	<b><u>3,771,431,210</u></b>	<b><u>3,989,561,263</u></b>

### 7.11 Particulars of provision for Loans and Advances

	<b>Rate (%)</b>	<b>Base for Provision Taka</b>	<b>Total Provision Taka</b>
Standard (excluding Staff Loan)	1%	55,138,578,166	551,385,782
Small Enterprise Financing	0.25%	8,093,408,265	20,233,521
Consumer Financing (House Financing & Loans for Professionals)	2%	1,775,402,055	35,508,041
Consumer Financing (Other than House Financing & Loans for Professionals)	5%	415,279,356	20,763,968
Special Mention Account	0.25%-5%	1,783,069,013	71,322,761
Short Term Agriculture Loan	5%	782,453,660	39,122,683
Loan to brokerage houses, merchant banks/stock dealers against shares etc.	2%	4,516,935,666	90,338,713
Substandard	20%	212,216,830	162,338,619
Doubtful	50%	177,654,123	88,827,061
Bad & Loss	100%	1,367,256,121	1,537,256,121
Required provision for loans and advances			<b>2,617,097,271</b>
Total provision maintained			<b>2,617,097,271</b>
Excess/ (Short) provision at 31 December			-

Based on the qualitative assessment, the Bank is satisfied that required provision on loans and advance is adequate.

	<b>2013 Taka</b>	<b>2012 Taka</b>
<b>7.12 Particulars of Loans and Advances</b>		
i) Debts considered good in respect of which the bank is fully secured	63,054,289,256	43,383,208,396
ii) Debts considered good for which the bank holds no other security than the debtor's personal guarantee	6,077,335,680	14,966,102,375
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors	7,441,720,155	1,866,818,531
iv) Loans adversely classified; provision not maintained there against	-	-
	<b>76,573,345,090</b>	<b>60,216,129,302</b>
v) Debts due by directors or executives or any of them either jointly or separately with any other persons	382,813,791	216,333,357
vi) Debts due by companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in case of private companies as members	-	-
vii) Maximum total amount of advances, including temporary advances made at any time during the period to directors or managers or officers of the bank or any of them either separately or jointly with any other persons	382,813,791	216,333,357
viii) Maximum total amount of advances, including temporary advances granted during the period to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or, in case of private companies as members	-	-
ix) Due from other banking companies (Bills purchased and discounted)	3,771,431,210	3,989,561,262
x) Classified loans and advances		
a) Classified loans and advances on which interest has not been charged to income (Note-7.7)	3,740,752,000	3,322,880,724
b) Provision on classified loans and advances (Note-13.4)	1,788,421,802	1,555,438,573
c) Provision kept against loans and advances classified as bad debts	1,537,256,121	1,311,885,678
d) Interest credited to Interest Suspense Account (Note-13.9)	876,721,731	606,963,533

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
xi) Cumulative amount of written off loans and advances		
Opening balance	84,288,731	84,288,731
Written off during the year	210,824,611	-
Closing balance	<u>295,113,342</u>	<u>84,288,731</u>
Amount realised against loans previously written off	<u>-</u>	<u>-</u>
The amount of written off/classified loans for which law suits have been filed	<u>295,113,342</u>	<u>84,288,731</u>
<b>7.13 Details of pledged collaterals received against Loans and Advances</b>		
Collateral of movable /immovable assets	54,703,524,596	39,309,118,321
Local banks and financial institutions guarantee	1,727,324,275	1,038,758,126
Government guarantee	-	-
Foreign banks guarantee	16,175,956	23,320,685
Export documents	1,854,591,345	3,618,956,442
Fixed deposit receipts (FDR)	1,920,822,417	1,601,990,936
FDR of other banks	461,973,408	106,668,118
Government bonds	8,005,576	1,097,536
Personal guarantee	5,936,489,426	1,248,188,760
Other securities	9,944,438,090	13,268,030,378
	<u><b>76,573,345,090</b></u>	<u><b>60,216,129,302</b></u>
<b>7 (a) Consolidated Loans and Advances</b>		
ONE Bank Limited	72,801,913,880	56,226,568,039
ONE Securities Limited	-	-
Loan to ONE Securities Ltd by ONE Bank Limited	(403,653,372)	(347,453,129)
	<u><b>72,398,260,508</b></u>	<u><b>55,879,114,910</b></u>
<b>Consolidated Bills purchased and discounted</b>		
ONE Bank Limited	3,771,431,210	3,989,561,263
ONE Securities Limited	-	-
	<u><b>3,771,431,210</b></u>	<u><b>3,989,561,263</b></u>
	<u><b>76,169,691,718</b></u>	<u><b>59,868,676,173</b></u>
<b>8 Fixed Assets including premises, furniture &amp; fixtures</b>		
Furniture & Fixtures	815,030,784	702,275,365
Office equipment	599,702,532	508,057,947
Motor Vehicles	207,162,063	177,598,941
Building	118,999,192	118,999,192
Land	17,700,000	17,700,000
	1,758,594,571	1,524,631,446
Leased Assets	25,044,000	25,044,000
Intangible Assets	131,028,337	100,248,337
	<u><b>1,914,666,908</b></u>	<u><b>1,649,923,783</b></u>
Less: Accumulated depreciation	709,039,297	551,467,650
<b>Closing balance on 31 December</b>	<u><b>1,205,627,611</b></u>	<u><b>1,098,456,133</b></u>
<b>(For details please refer to Annexure- A)</b>		
<b>8 (a) Consolidated Fixed Assets including premises, furniture &amp; fixtures</b>		
ONE Bank Limited	1,205,627,611	1,098,456,133
ONE Securities Limited	-	-
	<u><b>1,205,627,611</b></u>	<u><b>1,098,456,133</b></u>

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>9 Other Assets</b>		
<b>i Income generating</b>		
Investment in shares of subsidiary companies		
1 In Bangladesh	1,449,000,000	1,449,000,000
2 Outside Bangladesh	-	-
<b>ii Non- income generating</b>		
Stock of stationery	32,994,653	28,583,220
Stock of stamps	2,100,619	1,353,410
Security deposits	908,515	909,215
Advance rent for office premises	410,469,694	289,462,139
Prepayments	66,808,274	71,346,148
Decoration & Construction work of rented premises for new Branches	56,591,198	18,462,625
Suspense account	40,495,844	8,164,790
Receivable from Bangladesh Bank	50,012,589	72,402,206
Interest receivable	145,877,280	111,745,516
Commission receivable	294,000	1,871,216
Advance Income Tax ( <b>note-9.2</b> )	925,565,145	1,031,862,959
Deferred Tax Assets ( <b>note-9.3</b> )	16,479,033	28,150,610
Protested bill	3,345,838	2,727,713
Receivable from ONE Securities Ltd	11,288,213	10,000,000
Inter Branch Account USD	21,337	21,337
Branch Adjustment Account ( <b>note-9.1</b> )	813,798	38,593,347
	<u>3,213,066,030</u>	<u>3,164,656,450</u>
Off-shore Banking Unit	-	-
	<b><u>3,213,066,030</u></b>	<b><u>3,164,656,450</u></b>

#### 9.1

Branch adjustments account represents outstanding Inter-branch and Head Office transactions (Net) originated but yet to be responded at the balance sheet date. However, the Bank has no entry pending non-responded maximum for more than 10 days. The status of unresponded entries of 31 December 2013 are given below:

	Number of Unresponded entries		Unresponded entries (Amount-Taka)	
	Dr	Cr	Dr	Cr
Up to 3 months	19	4	924,899	111,102
Over 3 months but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	<u>19</u>	<u>4</u>	<u>924,899</u>	<u>111,102</u>
			<u>813,798</u>	

#### 9.2 Advance income tax

Opening balance on 1 January	1,031,862,959	3,048,619,800
Add: Tax paid as advance	925,565,145	1,031,862,959
Less: Advance income tax adjusted during the year	(1,031,862,959)	(3,048,619,800)
Balance on 31 December	<u>925,565,145</u>	<u>1,031,862,959</u>

#### 9.3 Deferred tax assets:

Opening balance	28,150,610	28,150,610
Addition during the year	(11,671,577)	-
Closing balance	<u>16,479,033</u>	<u>28,150,610</u>

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences in the carrying amount with tax base.

#### 9 (a) Consolidated Other Assets

ONE Bank Limited	3,213,066,030	3,164,656,450
ONE Securities Limited	4,533,286	4,042,468
Investment in ONE Securities Ltd by ONE Bank Limited	(1,449,000,000)	(1,449,000,000)
Receivable by ONE Bank from ONE Securities Ltd	(11,288,213)	(10,000,000)
	<b><u>1,757,311,103</u></b>	<b><u>1,709,698,919</u></b>

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>10 Non Banking Assets</b>		
Land & Building	83,866,820	83,866,820
Plant and Machinery	84,250,630	84,250,630
Pre-fabricated Structure	8,990,000	8,990,000
Stock	106,679,075	106,679,075
	<b>283,786,525</b>	<b>283,786,525</b>

The amount of Non-Banking assets was included in the books of accounts after receiving the verdict of the Court in favor of the Bank in accordance with the section 33(5) & 33(7) of ARAA- 2003 for force adjustment of default loan.

The value of these assets was determined on the basis of third party valuation of M/s Jorip O Poridarshan Co. and Geodetic Survey. The action of the Bank and the verdict of the court are supported by the section 33(6) of ARAA-2003 by which the Bank is empowered to sell the said assets and adjust the sale proceeds with the default loan and lodging further suit for recovery of shortfall, if any, after adjusting sale proceeds.

Non-Banking assets include stock of raw materials and finished goods worth Tk. 106,679,075 of defaulter loanee but there could be a possibility of non-realizability of the full amount of stock of raw and finished goods. The Bank believes that there is also the possibility of gaining significant value due to price appreciation from the disposal of other fixed assets of said non-banking assets. Accordingly to the latest third party valuation made on 06 September 2010, the value of above Land, Building and Machinery only was Tk. 28.88 crore.

Non- Banking assets is in the process of selling and there is a scope of lodging suit for recovery u/s 33(6) of ARAA-2003, for shortfall of claim after the adjustment of the disposed value of said non-banking assets. In case of any shortfall/surplus received after taking all measures that if any will be accounted for in the year of final settlement.

The Bank has obtained necessary permission from the Central Bank for holding the said asset for onward disposal.

**11 Borrowings from other Banks, financial institutions and Agents.**

<b>11.1 i) Borrowings inside Bangladesh</b>	145,066,532	120,367,972
ii) Borrowings outside Bangladesh	-	-
	<b>145,066,532</b>	<b>120,367,972</b>
<b>11.2 i) Borrowings with security</b>	-	-
ii) Borrowings without security (Re-financed Term loan from Bangladesh Bank)	145,066,532	120,367,972
	<b>145,066,532</b>	<b>120,367,972</b>
<b>11.3 i) Borrowings payable on demand:</b>	-	-
ii) Borrowings others (Term) Refinanced Term loan from Bangladesh Bank	145,066,532	120,367,972
	<b>145,066,532</b>	<b>120,367,972</b>
<b>11 (a) Consolidated Borrowings from other banks, financial institutions and Agents.</b>		
ONE Bank Limited	145,066,532	120,367,972
ONE Securities Limited	-	-
	<b>145,066,532</b>	<b>120,367,972</b>

**12 Deposits and other accounts**

<b>i Current account and other account (OBL)</b>	15,539,238,323	8,411,826,618
<b>Off-shore Banking Unit</b>	25,282,929	58,796,805
	<b>15,564,521,251</b>	<b>8,470,623,423</b>
<b>ii Bills payable</b>		
Payment Order (Issued)	1,372,175,398	2,301,222,935
Demand Draft	786,855	786,855
	<b>1,372,962,253</b>	<b>2,302,009,790</b>
<b>iii Savings accounts</b>	<b>7,012,233,334</b>	<b>5,011,914,509</b>
<b>iv Term deposits</b>		
Fixed deposit receipts	41,528,752,337	44,152,344,800
Short Notice deposits	16,436,085,814	9,465,126,419
Scheme deposits	4,652,202,535	3,652,249,417
Non-resident Foreign Currency Deposits	1,585,576	1,505,796
	<b>62,618,626,263</b>	<b>57,271,226,432</b>
	<b>86,568,343,101</b>	<b>73,055,774,154</b>

	<b>2013</b>	<b>2012</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>12.1 Payable on demands</b>		
Current deposits	4,326,238,930	3,331,874,485
Privilege creditor	373,680,205	240,280,567
Foreign Currency Deposits	2,773,737,340	2,441,113,437
Sundry Deposits	6,795,684,496	1,104,817,319
Interest Payable on deposits	1,049,742,651	1,201,433,568
Other accrued expense	245,437,630	151,104,048
	<b>15,564,521,251</b>	<b>8,470,623,423</b>
Bills payable	1,372,962,253	2,302,009,790
Savings Deposits	631,101,000	451,072,306
	<b>17,568,584,505</b>	<b>11,223,705,519</b>
<b>12.2 Sub-break down of deposits and other accounts</b>		
<b>12.2 (a) Payable on demand</b>		
i Deposits from banks	1,191,610	1,197,760
ii Other than banks	17,567,392,895	11,222,507,759
	<b>17,568,584,505</b>	<b>11,223,705,519</b>
<b>12.2 (b) Other Deposits</b>		
<b>Deposits from banks</b>		
<b>Short Term Deposits :</b>		
Uttara Bank Limited	1,305	2,382
AB Bank Limited	439,262	-
	440,567	2,382
<b>Other than banks</b>	68,999,318,029	61,832,066,253
	<b>68,999,758,596</b>	<b>61,832,068,635</b>
<b>Total deposits [12.2(a) + 12.2(b)]</b>	<b>86,568,343,101</b>	<b>73,055,774,154</b>
<b>12.3 Remaining maturity grouping of deposits</b>		
Payable on demand	24,664,845,639	17,445,980,000
Up to 3 month	27,667,080,340	19,684,400,000
Over 3 months to 1 year	22,590,556,590	25,123,394,154
Over 1 year to 5 years	9,251,959,528	9,077,500,000
Over 5 years	2,393,901,004	1,724,500,000
	<b>86,568,343,101</b>	<b>73,055,774,154</b>
<b>12 (a) Consolidated Deposits and other accounts</b>		
<b>Current account and other account</b>		
ONE Bank Limited	15,564,521,251	8,470,623,423
ONE Securities Limited	-	-
	<b>15,564,521,251</b>	<b>8,470,623,423</b>
<b>Bills payable</b>		
ONE Bank Limited	1,372,962,253	2,302,009,790
ONE Securities Limited	-	-
	<b>1,372,962,253</b>	<b>2,302,009,790</b>
<b>Savings accounts</b>		
ONE Bank Limited	7,012,233,334	5,011,914,509
ONE Securities Limited	-	-
	<b>7,012,233,334</b>	<b>5,011,914,509</b>
<b>Term deposits</b>		
ONE Bank Limited	62,618,626,263	57,271,226,432
ONE Securities Limited	-	-
	<b>62,618,626,263</b>	<b>57,271,226,432</b>
	<b>86,568,343,101</b>	<b>73,055,774,154</b>

**13 Other liabilities**

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
Interest on bills discounted	50,824	55,752
Provision for Income Tax ( <b>note-13.1</b> )	822,305,193	1,431,685,552
Deferred tax liability ( <b>note-13.2</b> )	79,648,035	77,962,681
Provision for gratuity ( <b>note-13.3</b> )	-	-
Provision for performance bonus	210,000,000	220,000,000
Provision for loans and advances ( <b>note-13.4 &amp; 13.5</b> )	2,617,097,271	2,244,790,607
Risk fund of Consumer Credit and Rider	473,512	473,512
Provision for other assets ( <b>note-13.7</b> )	17,843,530	5,679,674
Provision for off balance sheet items ( <b>note-13.8</b> )	447,632,347	326,823,483
Provision for diminution value of share ( <b>note-13.10</b> )	-	-
Interest suspense account ( <b>note-13.9</b> )	876,721,731	606,963,533
Sinking fund	23,870	15,270
Lease Obligation	15,050,997	21,471,134
Interest Payable on Subordinated Debt	5,243,836	-
Other payable	22,709,228	36,008,563
Revaluation reserve held for trading	87,099,569	46,076,512
	<b>5,201,899,942</b>	<b>5,018,006,273</b>

**13.1 Provision for current income tax**

Opening balance on 1 January	1,431,685,552	3,495,054,792
Less: Provision adjusted during the year	(1,031,862,959)	(3,048,619,800)
	399,822,593	446,434,992
Add: Provision made during the year	422,482,600	985,250,560
Balance on 31 December	<b>822,305,193</b>	<b>1,431,685,552</b>

The amount of provision for income tax has been reduced this year for treating the loan loss provisions as an admissible expenses. The High Court has given order in our favour on our Reference cases for the assessment year 2000-01, 2005-06, 2006-2007, 2007-2008, 2008-09 and 2009-10 where the DCT disallowed loan loss provision as an inadmissible expenses. The Bank has also lodged Reference case before the High Court against the disallowance of DCT on the assessment year 2010-11 and appeal to the Taxes Appellate Tribunal on the assessment year 2011-12 and 2012-13 where the maximum claims were ordered in favour of the Bank in the earlier Reference case.

**13.2 Deferred tax liability**

Opening balance	37,073,531	17,324,091
Addition during the year	(6,214,059)	19,749,440
Closing balance	<b>30,859,472</b>	<b>37,073,531</b>
<b>Provision against revaluation reserve for security</b>		
Opening balance	40,889,150	14,177,544
Addition during the year	7,899,413	26,711,606
Closing balance	<b>48,788,563</b>	<b>40,889,150</b>
<b>Total</b>	<b>79,648,035</b>	<b>77,962,681</b>

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences in the carrying amount with tax base.

**13.3 Provision for gratuity**

Opening balance on 1 January	-	14,715,321
Provision made during the year	82,818,493	99,850,540
Transferred/Payment made during the year	(82,818,493)	(114,565,861)
Balance on 31 December	<b>-</b>	<b>-</b>

**13.4 Specific provision against loans and advances**

Opening balance on 1 January	1,555,438,573	983,135,060
Provision written off	177,830,023	-
Provision after written off	1,377,608,550	983,135,060
Specific provision made during the year	591,030,074	629,201,410
Provision recovered	-	-
Provisions recovered and no longer required written back	(180,216,821)	(56,897,898)
Net charge to profit & loss account	410,813,252	572,303,512
Balance on 31 December	<b>1,788,421,802</b>	<b>1,555,438,573</b>



	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>13.5 General provision against loans and advances</b>		
Opening balance on 1 January	689,352,034	1,012,487,601
Provision made during the year:		
Unclassified Loans & Advances	120,969,371	(331,544,338)
Consumer credit & Small enterprise financing	(49,030,430)	(40,697,111)
Special mention account	25,633,869	26,307,054
Loans against shares	41,750,624	22,798,828
Net charge to profit & loss account	139,323,435	(323,135,567)
	828,675,469	689,352,034
Balance on 31 December	<b>2,617,097,271</b>	<b>2,244,790,607</b>
<b>13.6 Specific provision as per classification of loans</b>		
Substandard	162,338,619	53,448,682
Doubtful	88,827,061	189,776,317
Bad/Loss	1,537,256,121	1,311,885,678
Balance on 31 December	<b>1,788,421,802</b>	<b>1,555,110,677</b>
<b>13.7 Provision for other asset</b>		
Balance on 1 January	5,679,175	2,118,213
Provision made during the year (note-13.7 a, 13.7 b and 13.7 c)	12,164,356	3,560,962
Balance on 31 December	<b>17,843,530</b>	<b>5,679,175</b>
<b>13.7.a Provision for protested bill</b>		
Balance on 1 January	2,727,713	2,118,213
Provision made during the year	618,125	609,500
	<b>3,345,838</b>	<b>2,727,713</b>
<b>13.7.b Provision for nostro Accounts</b>		
Balance on 1 January	2,951,462	-
Provision made during the year	6,863,894	2,951,462
	<b>9,815,356</b>	<b>2,951,462</b>
As per instructions contained in the circular letter no. FEPP (FEMO)/01/2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, Bank is required to make provision regarding the un-reconciled debit balance of nostro account as at balance sheet date. Adequate provision has been made for debit entries which are outstanding for more than 3 months.		
<b>13.7.c Provision for legal expenses and others</b>		
Balance on 1 January	-	-
Provision made during the year	4,682,337	-
	<b>4,682,337</b>	-
<b>13.8 Provision for off balance sheet items</b>		
Balance on 1 January	326,823,483	304,593,496
Provision made during the year	120,808,864	22,229,987
Balance on 31 December	<b>447,632,347</b>	<b>326,823,483</b>
<b>13.9 Interest suspense account</b>		
Balance on 1 January	606,963,533	398,602,390
Interest suspense charged during the year	692,444,376	450,383,309
Interest realized during the year	(392,191,593)	(236,119,963)
Interest written off / waiver	(30,494,585)	(5,902,203)
Balance on 31 December	<b>876,721,731</b>	<b>606,963,533</b>
<b>13.10 Provision for diminuation value of share</b>		
Balance on 1 January	-	-
Provision made during the year	-	-
Balance on 31 December	-	-
<b>13.10.a Consolidated Provision made for diminuation value of share</b>		
ONE Bank Limited	-	-
ONE Securities Limited:	10,000,000	(80,240,700)
	<b>10,000,000</b>	<b>(80,240,700)</b>
<b>13 (a) Consolidated Other liabilities</b>		
ONE Bank Limited	5,201,899,942	5,018,006,273
ONE Securities Limited	113,785,421	103,676,442
	<b>5,315,685,363</b>	<b>5,121,682,715</b>

**14 Subordinated Debt**

<b>2013</b>	<b>2012</b>
<b>Taka</b>	<b>Taka</b>
<b>2,200,000,000</b>	<b>-</b>

ONE Bank Limited issued unsecured non-convertible subordinated bond on 26 December 2013 after obtained approval from Bangladesh Bank and Securities and Exchange Commission vide their letter # BRPD (BIC)661/14B(P0/2013-1869, dated 28 November 2013 and SEC/CI/CPLC-159/2002/2714, dated 08 October 2013 respectively. The Subordinated Bond is counted towards Tier-II capital of the Bank. Interest rate of the Bond is calculated as Benchmark rate +3% Margin. Benchmark rate will be average of most recent month's published Fixed Deposit Interest Rate for 6 months tenor of private commercial banks (excluding Islamic banks) in Bangladesh Banks website. As of Balance Sheet date interest rate is applicable @ 14.50%.

**Main Features of the Bond:**

Issuer	ONE Bank Limited
Trustee	Bangladesh General Insurance Company Limited.
Lead Arranger	Standard Chartered Bank
Tenor	7 Years
Total Face Value	BDT 2,200 Million
Number of Bonds	2,200

**List of Investors:**

<b>Name of the Investor</b>	<b>No. of Bonds</b>	<b>Taka</b>
Janata Bank Limited	500	500,000,000
Agrani Bank Limited	500	500,000,000
Rupali Bank Limited	500	500,000,000
Bangladesh Development Bank Limited	200	200,000,000
Saudi Bangladesh Industrial & Agricultural Investment Company Limited	200	200,000,000
Pubali Bank Limited	100	100,000,000
Bangladesh Commerce Bank Limited	100	100,000,000
Uttara Bank Limited	100	100,000,000

<b>15. Share Capital</b>	<b>2013</b>	<b>2012</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>15.1 Authorized Capital</b>	10,000,000,000	10,000,000,000
1,000,000,000 (2012:1,000,000,000) ordinary shares of Tk 10 each		
<b>15.2 Issued, Subscribed and fully paid-up Capital</b>	4,767,070,020	4,145,278,280
476,707,002 (2012: 414,527,828) ordinary shares of Tk 10 each		
Sponsors	31.06%	33.18%
General Public	68.94%	66.82%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

The issued, subscribed and fully paid up capital of the Bank is as follows:

Shareholders	No. of Shareholders	No. of Shares	2013 Taka	2012 Taka
Sponsors	16	148,086,793	1,480,867,930	1,375,363,480
General Public	43,381	328,620,209	3,286,202,090	2,769,914,800
<b>Total</b>	<b>43,397</b>	<b>476,707,002</b>	<b>4,767,070,020</b>	<b>4,145,278,280</b>

Shareholding structure of the Bank as at 31-12-2013 is given below:

Range of Holdings	Number of Shareholders	No. of Shares	% of holding of shares
Less than 500	15,330	2,846,182	0.60
501 to 5,000	21,317	39,878,717	8.37
5,001 to 10,000	3,172	22,868,542	4.80
10,001 to 20,000	1,836	25,683,666	5.39
20,001 to 30,000	624	15,305,654	3.21
30,001 to 40,000	267	9,234,407	1.94
40,001 to 50,000	189	8,635,185	1.81
50,001 to 100,000	302	21,463,495	4.50
100,001 to 1,000,000	304	72,744,769	15.26
Over 1,000,000	56	258,046,385	54.13
<b>Total</b>	<b>43,397</b>	<b>476,707,002</b>	<b>100.00</b>

- a) Authorised Capital of the Bank has been raised to Tk. 10,000,000,000 from Tk. 4,150,000,000 during the year 2012. This was approved by Bangladesh Bank and also at the Extra Ordinary General Meeting of the Shareholders of the Bank held on March 29, 2012:
- b) 62,179,174 Bonus shares of Tk. 10 each valued at Tk. 621,791,740 for the year 2012 has been transferred to Paid-up capital account during the year 2013:

The shares of the company are listed at Dhaka Stock Exchange Ltd and Chittagong Stock Exchange ltd.

Issued, Subscribed & fully Paid up Capital

	<b>2013</b>	<b>2012</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>Issued for cash</b> : 53,781,220 shares of Tk. 10 each	537,812,200	537,812,200
<b>Issued other than cash</b> : 422,925,782 bonus shares of Tk. 10 each	4,229,257,820	3,607,466,080
	<b>4,767,070,020</b>	<b>4,145,278,280</b>

### 15.3 Capital Adequacy Ratio:

In terms of section 13 (2) of the Bank Companies Act, 1991 and Bangladesh Bank BRPD Circular no. 10 dated 25 November 2002, BRPD Circular No. 3 dated 9 May 2004, BRPD Circular No. 1 dated 19 February 2007, BRPD Circular No. 5 dated 14 May 2007, BRPD Circular No. 3 dated 12 March 2008, BRPD Circular No. 6 dated 21 May 2008, BRPD Circular No.10 dated 10 March 2010, BRPD circular no. 35 dated December 29, 2010 and BRPD Circular letter no. 08 dated July 23, 2012 the required capital of the Bank at the close of business on 31 December 2013 was Taka 9,980,740,000 as against core capital of Taka 8,509,653,215 and supplementary capital of Taka 3,560,069,665 making a total capital of Taka 12,069,722,880 thereby showing a surplus capital/equity of Taka 2,088,982,880 at the date. Details are shown below:

	<b>2013</b>	<b>2012</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>Actual capital held:</b>		
<b><u>Core Capital (Tier-1)</u></b>		
Paid-up capital (note-15.2)	4,767,070,020	4,145,278,280
Statutory Reserve (note-16)	2,665,409,979	2,310,094,082
Profit & Loss Account (note-17)	1,077,173,216	912,905,400
	<u>8,509,653,215</u>	<u>7,368,277,762</u>
<b><u>Supplementary Capital (Tier-2)</u></b>		
General provision on Unclassified Loan & Advances (note-13.5)	828,675,469	689,352,034
Provision for Off Balance Sheet Items (note-13.8)	447,632,347	326,823,483
Revaluation Reserve for HTM Securities up to 50%	57,398,310	48,104,883
Surplus value of equity instruments up to 10%	26,363,539	5,362,977
Subordinated Debt (note-14)	2,200,000,000	-
	<u>3,560,069,665</u>	<u>1,069,643,377</u>
<b><u>Eligible for market risk only (Tier-3)</u></b>		
Short-term subordinated debt	-	-
<b>A) Total Capital</b>	<b><u>12,069,722,880</u></b>	<b><u>8,437,921,139</u></b>
<b>Total Assets including Off Balance Sheet items</b>	<b><u>146,874,005,591</u></b>	<b><u>118,286,684,618</u></b>
<b>B) Total Risk Weighted Assets</b>	<b><u>99,807,400,000</u></b>	<b><u>80,706,081,485</u></b>
<b>C) Required capital based on risk weighted assets (10% on B)</b>	<b><u>9,980,740,000</u></b>	<b><u>8,070,608,149</u></b>
<b>D) Surplus (A-C)</b>	<b><u>2,088,982,880</u></b>	<b><u>367,312,991</u></b>
<b>Percentage of Capital on Risk Weighted Assets:</b>		
On Core Capital (minimum required 50% of CAR and MCR; 2012: 50%)	8.53%	9.13%
On Supplementary Capital	3.57%	1.33%
On Total Capital (minimum required rate is 10%; 2011: 10%)	12.09%	10.46%
<b>15.3(a) Revaluation Reserve for Securities</b>		
Revaluation Reserve for Securities	114,796,620	96,209,765
Less: Deferred Tax	<u>(48,788,563)</u>	<u>(40,889,150)</u>
	<b><u>66,008,056</u></b>	<b><u>55,320,615</u></b>

**15.4** As per the directives of the Bangladesh Bank, the Bank has made disclosures as required under Basel II- Pillar III, market discipline as part of the **Annexure- F**.

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>16 Statutory Reserve</b>		
Balance brought forward from previous year	2,310,094,082	1,898,008,348
Reserve made during the year	355,315,897	412,085,734
Balance on 31 December	<b>2,665,409,979</b>	<b>2,310,094,082</b>
<b>17 Retained earnings/ movement of profit and loss account</b>		
Balance on 1 January	912,905,400	1,226,165,142
Addition during the year	1,348,639,366	1,055,428,672
Transfer to statutory reserve	(355,315,897)	(412,085,734)
Issue of Bonus Share	(621,791,740)	(956,602,680)
Cash Dividend Paid	(207,263,914)	-
Balance at 31 December	<b>1,077,173,216</b>	<b>912,905,400</b>
<b>17.1 Retained earnings brought forward from previous year</b>		
Retained Earning of Prior Year	912,905,400	1,226,165,142
Bonus share issued	(621,791,740)	(956,602,680)
Cash Dividend Paid	(207,263,914)	-
Retained Earnings brought forward	<b>83,849,746</b>	<b>269,562,462</b>
<b>17.1(a) Consolidated retained earnings brought forward from previous year</b>		
Retained Earning of Prior Year	802,036,413	1,051,126,818
Bonus share issued	(621,791,740)	(956,602,680)
Cash Dividend Paid	(207,263,914)	-
Retained Earnings brought forward	<b>(27,019,241)</b>	<b>94,524,138</b>
<b>18 Interest and discount income</b>		
From clients against loans and advances	9,043,256,684	7,489,637,939
Lease finance	393,165,163	302,737,456
Discount from bills purchased & discounted	516,137,968	556,760,034
From banks and financial institutions in Bangladesh	59,333,592	146,020,767
From foreign banks	33,580,751	28,731,706
	<b>10,045,474,158</b>	<b>8,523,887,901</b>
Off-shore Banking Unit	52,277,484	18,948,500
	<b>10,097,751,642</b>	<b>8,542,836,401</b>
<b>18 (a) Consolidated Interest and discount income</b>		
ONE Bank Limited	10,097,751,642	8,542,836,401
ONE Securities Limited	272,645	535,351
Interest on Loan paid by ONE Securities Ltd to ONE Bank Limited	(59,739,395)	(13,753,129)
	<b>10,038,284,892</b>	<b>8,529,618,623</b>
<b>19 Interest paid on deposits and borrowings</b>		
Short term deposits	986,918,663	734,605,585
Savings deposits	286,055,757	197,648,746
Term deposits	5,300,020,638	4,473,208,560
Scheme deposits	410,452,027	327,262,485
Borrowings from banks and financial institutions	60,926,696	57,256,690
Interest on Subordinated- Debt	5,243,836	-
	<b>7,049,617,618</b>	<b>5,789,982,065</b>
Off-shore Banking Unit	-	-
	<b>7,049,617,618</b>	<b>5,789,982,065</b>
<b>19 (a) Consolidated Interest paid on deposits and borrowings</b>		
ONE Bank Limited	7,049,617,618	5,789,982,065
ONE Securities Limited	-	-
	<b>7,049,617,618</b>	<b>5,789,982,065</b>
<b>20 Income from Investments</b>		
Interest on treasury bills	525,446,430	413,614,698
Interest on treasury bond (Net)	354,867,327	76,590,761
Interest on Bangladesh Bank Bill	27,643,595	982,117
Dividend on Investment	24,011,509	23,876,433
Gain on sale of Shares	61,563,766	6,432,400
Interest on Bond	25,126,667	30,891,666
	<b>1,018,659,295</b>	<b>552,388,074</b>

	<b>2013</b>	<b>2012</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>20 (a) Consolidated Income from Investments</b>		
ONE Bank Limited	1,018,659,295	552,388,074
ONE Securities Limited	-	-
	<b><u>1,018,659,295</u></b>	<b><u>552,388,074</u></b>
<b>21 Commission, exchange and brokerage</b>		
Letters of credit (Issue & advising)	260,348,220	234,330,321
Letter of guarantees	105,405,642	177,831,184
Acceptances	150,402,857	121,481,238
Local bills purchased	20,550	66,063
Foreign bills	590,792	676,221
Bills for collection	11,045,596	7,448,877
Remittances (PO, DD, TT, Travelers' Cheque etc.)	5,704,415	4,347,587
Export bills	33,406,441	33,373,439
Others	35,746,674	54,632,211
	<b><u>602,671,186</u></b>	<b><u>634,187,141</u></b>
Less: Commission charges:		
Bank charge	5,998,928	3,451,629
Seal Commission to the Stock Brokers	-	-
Underwriting Commission	-	-
Others	70,495	56,800
	<b><u>6,069,423</u></b>	<b><u>3,508,429</u></b>
	<b><u>596,601,763</u></b>	<b><u>630,678,713</u></b>
Profit on exchange trading	459,066,960	381,595,805
Less: Loss on exchange trading	1,190	54,312
	<b><u>459,065,769</u></b>	<b><u>381,541,492</u></b>
	<b><u>1,055,667,533</u></b>	<b><u>1,012,220,205</u></b>
Off-shore Banking Unit	<b><u>5,338,764</u></b>	<b><u>4,170,444</u></b>
	<b><u>1,061,006,297</u></b>	<b><u>1,016,390,649</u></b>
<b>21 (a) Consolidated Commission, exchange and brokerage</b>		
ONE Bank Limited	1,061,006,297	1,016,390,649
ONE Securities Limited	(1,798)	(8,574)
	<b><u>1,061,004,499</u></b>	<b><u>1,016,382,075</u></b>
<b>22 Other operating income</b>		
Loan processing and service charge	147,483,099	146,079,178
Miscellaneous Credit Card Fee	3,363,686	672,094
Recoveries of postage, telex, telephone, fax etc	35,513,332	29,410,270
Letter of Credit miscellaneous charges	116,935,164	104,301,168
General Banking miscellaneous charges	4,231,252	1,925,300
Miscellaneous (note-22.1)	8,335,333	11,338,149
Rent on locker	1,331,700	966,700
Gain on sale of fixed assets	4,597,114	2,349,530
	<b><u>321,790,680</u></b>	<b><u>297,042,389</u></b>
Off-shore Banking Units	<b><u>1,859,583</u></b>	<b><u>931,369</u></b>
	<b><u>323,650,263</u></b>	<b><u>297,973,758</u></b>
<b>22.1</b> Miscellaneous income include commission on sanchyapatras, passport endorsement fees etc.		
<b>22 (a) Consolidated Other operating income</b>		
ONE Bank Limited	323,650,263	297,973,758
ONE Securities Limited	-	-
	<b><u>323,650,263</u></b>	<b><u>297,973,758</u></b>
<b>23 Salary &amp; Allowances</b>		
Salary & Allowances	1,264,126,693	930,953,219
Provident Fund Contribution	71,230,574	48,191,409
Gratuity	82,818,493	99,850,540
Superannuation fund	7,000,000	7,100,000
Bonus	330,989,353	313,913,000
	<b><u>1,756,165,113</u></b>	<b><u>1,400,008,168</u></b>
Off-shore Banking Units	-	1,089,482
	<b><u>1,756,165,113</u></b>	<b><u>1,401,097,651</u></b>

	<b>2013</b>	<b>2012</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>23(a) Consolidated Salary &amp; Allowances</b>		
ONE Bank Limited	1,756,165,113	1,401,097,651
ONE Securities Limited	1,362,129	-
	<b><u>1,757,527,242</u></b>	<b><u>1,401,097,651</u></b>
<b>24 Rent, taxes, insurance, electricity etc.</b>		
Rent	161,383,318	137,832,285
Taxes	395,014	160,546
Electricity	33,792,533	28,946,876
Utilities	13,702,323	24,745,352
Insurance	78,749,580	45,720,505
	<b><u>288,022,767</u></b>	<b><u>237,405,563</u></b>
Off-shore Banking Units	-	-
	<b><u>288,022,767</u></b>	<b><u>237,405,563</u></b>
<b>25 Legal expenses</b>		
Professional fees	4,138,512	4,055,345
Fees, Court fees & stamps	138,488	33,570
	<b><u>4,277,000</u></b>	<b><u>4,088,915</u></b>
<b>25 (a) Consolidated Legal expenses/professional expenses</b>		
ONE Bank Limited	4,277,000	4,088,915
ONE Securities Limited	-	30,000
	<b><u>4,277,000</u></b>	<b><u>4,118,915</u></b>
<b>26 Postage, stamps, telecommunication etc.</b>		
Telex/Swift	23,280,355	20,315,212
Telephone/Fax etc	6,642,545	7,125,062
Courier/postage	11,310,421	9,449,433
Radio Link	6,089,384	9,999,396
Reuter	2,205,845	2,230,803
	<b><u>49,528,550</u></b>	<b><u>49,119,905</u></b>
<b>27 Directors' Fees</b>		
For attending the meeting of the Board and other committee meetings @ Tk. 5,000 per attendance per person	735,000	890,000
	<b><u>735,000</u></b>	<b><u>890,000</u></b>
<b>28 Stationery, Printing, advertisement etc.</b>		
Printed and security stationery	21,559,022	13,255,501
Stationery	55,159,081	42,619,264
Advertisement	67,225,898	55,379,575
	<b><u>143,944,001</u></b>	<b><u>111,254,339</u></b>
Off-shore Banking Units	-	-
	<b><u>143,944,001</u></b>	<b><u>111,254,339</u></b>
<b>28 (a) Consolidated Stationery, Printing, advertisement etc.</b>		
ONE Bank Limited	143,944,001	108,257,760
ONE Securities Limited	2,615	129,686
	<b><u>143,946,616</u></b>	<b><u>108,387,446</u></b>
<b>29 Managing Director's Salary &amp; Allowances</b>		
Salary & Allowances	8,592,878	8,432,069
House rent	175,645	180,000
Provident Fund Contribution	856,852	841,208
Bonus	2,384,666	2,472,167
	<b><u>12,010,041</u></b>	<b><u>11,925,444</u></b>
<b>30 Depreciation, leasing expense and repair of bank's assets</b>		
Depreciation (Annexure - A)	168,510,441	129,242,501
Repairs & Maintenance	200,626,029	108,829,400
	<b><u>369,136,470</u></b>	<b><u>238,071,901</u></b>

	<b>2013</b>	<b>2012</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>30 (a) Consolidated Depreciation, leasing expense and repair of bank's assets</b>		
ONE Bank Limited	369,136,470	238,071,901
ONE Securities Limited	-	-
	<b><u>369,136,470</u></b>	<b><u>238,071,901</u></b>
<b>31 Other expenses</b>		
Entertainment	48,953,638	31,993,599
Car expenses	88,725,945	72,045,339
Subscription	42,431,559	19,554,842
Traveling	103,641,088	70,641,579
Computer & Printer maintenance expenses	16,277,607	20,534,269
Finance charge-against leased assets	2,675,402	2,297,326
Staff training	3,213,904	9,447,667
VISA Card Expenses	8,132,850	1,425,076
Sales Team fees	1,674,714	1,815,414
Miscellaneous ( <b>note-31.1</b> )	3,924,698	455,423
Issuance cost of Sub-Ordinated Bond	28,500,000	-
Mobile Financial Services	19,510,097	-
Loss from sale/ write off of assets	90,043	-
	<b><u>367,751,545</u></b>	<b><u>230,210,534</u></b>
<b>31.1</b> Miscellaneous expenses include uniform & liveries, retail loan recovery expenses etc.		
<b>31 (a) Consolidated Other expenses</b>		
ONE Bank Limited	367,751,545	233,207,113
ONE Securities Limited	593,132	2,014,452
	<b><u>368,344,677</u></b>	<b><u>235,221,565</u></b>
<b>32 Provision for loans, investment &amp; off balance sheet exposure</b>		
Provision for bad and doubtful loans and advances	410,813,252	572,303,512
Provision for unclassified loans and advances	139,323,435	(323,135,567)
Provision for off-balance sheet exposure	120,808,864	22,229,987
Provision for diminution in value of investment	-	-
Provision for other assets	12,164,356	3,560,962
	<b><u>683,109,907</u></b>	<b><u>274,958,894</u></b>
<b>33 Tax Expenses</b>		
Current Tax	422,482,600	985,250,560
Deferred tax	5,457,518	19,749,440
	<b><u>427,940,118</u></b>	<b><u>1,005,000,000</u></b>
<b>33 (a) Consolidated Tax Expenses</b>		
Current Tax		
ONE Bank Limited	422,482,600	985,250,560
ONE Securities Limited	1,363	2,700
	<b><u>422,483,963</u></b>	<b><u>985,253,260</u></b>
Deferred Tax		
ONE Bank Limited	5,457,518	19,749,440
ONE Securities Limited	-	-
	<b><u>5,457,518</u></b>	<b><u>19,749,440</u></b>
	<b><u>427,941,481</u></b>	<b><u>1,005,002,700</u></b>
<b>34 Interest receipts</b>		
Interest income on loans & advances	10,097,751,642	8,551,518,645
Interest on Treasury Bills and Bonds	933,084,019	522,079,241
	11,030,835,661	9,073,597,887
(Increase)/ Decrease in interest receivable others	(34,131,764)	(27,845,789)
	<b><u>10,996,703,897</u></b>	<b><u>9,045,752,098</u></b>
<b>34 (a) Consolidated Interest receipts</b>		
ONE Bank Limited	10,996,703,897	9,045,752,098
ONE Securities Limited	272,645	535,351
Interest on Loan paid by ONE Securities Ltd to ONE Bank Limited	(54,839,151)	-
	<b><u>10,942,137,391</u></b>	<b><u>9,046,287,449</u></b>
<b>35 Interest payments</b>		
Total interest expenses	7,049,617,618	5,798,664,309
Add : Opening balance of interest payable	1,201,433,568	856,531,061
Less: Closing balance of interest payable	(1,049,742,651)	(1,201,433,568)
	<b><u>7,201,308,535</u></b>	<b><u>5,453,761,803</u></b>



	<b>2013</b>	<b>2012</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>35 (a) Consolidated Interest Payment</b>		
ONE Bank Limited	7,201,308,535	5,453,761,803
ONE Securities Limited	-	-
	<b><u>7,201,308,535</u></b>	<b><u>5,453,761,803</u></b>
<b>36 Fee and commission receipts in cash</b>		
Commission, exchange and brokerage	601,940,528	634,849,157
Less : (Increase) / decrease in Com. receivable	1,577,216	7,173,561
	<b><u>603,517,744</u></b>	<b><u>642,022,718</u></b>
<b>37 Cash payments to employees</b>		
Salaries and allowances	1,756,165,113	1,401,097,651
Managing Director's salary and allowances	12,010,041	11,925,444
	1,768,175,154	1,413,023,095
Less: Payable to employees	(380,000,000)	(380,000,000)
Add: Opening Payable	380,000,000	166,000,000
	<b><u>1,768,175,154</u></b>	<b><u>1,199,023,095</u></b>
<b>38 Cash payment to suppliers</b>		
Printing, stationery and advertisement etc.	143,944,001	108,257,760
Repair & Maintenance	200,626,029	108,829,400
Add: closing stock of stationery and stamps	35,095,272	29,936,630
	379,665,302	247,023,789
Less: opening stock of stationery and stamps	(29,936,630)	(34,556,349)
	<b><u>349,728,672</u></b>	<b><u>212,467,440</u></b>
<b>39 Cash receipts from other operating activities</b>		
Other operating income	319,053,149	304,406,158
Exchange earnings	459,065,769	381,541,492
	<b><u>778,118,918</u></b>	<b><u>685,947,651</u></b>
<b>40 Cash payments for other operating activities</b>		
Rent, taxes, insurance and electricity etc.	288,022,767	237,405,563
Legal expenses	4,277,000	4,088,915
Postage, stamps, telecommunication etc.	49,528,550	49,119,905
Directors fees	735,000	890,000
Auditors' fee	190,000	155,000
Other expenses	367,661,502	233,207,113
	710,414,819	524,866,496
Add: Outstanding in payable - Opening balance	151,104,048	52,485,263
Less: Outstanding in payable - Closing balance	(245,437,630)	(151,104,048)
	<b><u>616,081,236</u></b>	<b><u>426,247,711</u></b>
<b>40 (a) Consolidated Cash payments for other operating activities</b>		
ONE Bank Limited	616,081,236	426,247,711
ONE Securities Limited	133,998	1,764,267
	<b><u>616,215,234</u></b>	<b><u>428,011,977</u></b>

	<b>2013</b>	<b>2012</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>41 (Increase)/decrease of other assets</b>		
<b>Closing balance:</b>		
Security deposits	908,515	909,215
Advance rent	410,469,694	289,462,139
Prepayments	66,808,274	71,346,148
Renovation work of rented premises	56,591,198	18,462,625
Suspense account	40,495,844	8,164,790
Receivable from Bangladesh Bank	50,012,589	72,402,206
Receivable from ONE Securities Ltd	11,288,213	10,000,000
Protested bill	3,345,838	2,727,713
Inter Branch (net balance)	813,798	38,593,347
	<b>640,733,963</b>	<b>512,068,183</b>
Off-shore banking unit	-	-
	<b>640,733,963</b>	<b>512,068,183</b>
<b>Less: Opening balance:</b>		
Security deposits	909,215	1,246,095
Advance rent	289,462,139	265,057,488
Prepayments	71,346,148	151,697,623
Renovation work of rented premises	18,462,625	57,716,420
Suspense account	8,164,790	11,517,427
Receivable from Bangladesh Bank	72,402,206	25,048,535
Prepaid for floor purchase	-	39,977,500
Bangladesh Bank- EDF	-	162,193,893
Receivable from ONE Securities Ltd	10,000,000	-
Protested bill	2,727,713	2,727,713
Inter Branch (net balance)	38,593,347	11,197,159
	<b>512,068,183</b>	<b>703,331,318</b>
Off-shore banking unit	-	-
	<b>512,068,183</b>	<b>703,331,318</b>
	<b>(128,665,780)</b>	<b>191,263,135</b>
<b>41 (a) Consolidated (Increase)/decrease of other assets</b>		
ONE Bank Limited	(128,665,780)	191,263,135
ONE Securities Limited	(900,000)	(25,000)
	<b>(129,565,780)</b>	<b>191,238,135</b>
<b>42 Deposits from banks</b>		
Closing Balance :		
Payment on demand	1,191,610	1,197,760
Short Term Deposit	1,305	2,382
Fixed Deposit	-	-
	1,192,915	1,200,142
Less : Opening balance	(1,200,142)	(23,065,135)
	<b>(7,227)</b>	<b>(21,864,993)</b>
<b>43 Deposits from customers</b>		
<b>Closing balance of Deposits</b>		
Payable on demand	17,397,392,895	10,530,434,946
Other deposits	68,216,756,928	61,832,066,252
Sub total	85,614,149,823	72,362,501,198
<b>Less: Opening balance of Deposits</b>		
Payable on demand	10,530,434,946	8,354,973,001
Other deposits	61,832,066,252	48,862,116,677
Sub total	72,362,501,198	57,217,089,677
Deposit increased during the year	13,251,648,624	15,145,411,521
<b>Add: Total interest on deposit</b>		
On demand deposits	1,201,433,568	856,531,061
On other deposits	151,104,048	52,485,262
Sub total	1,352,537,615	909,016,323
<b>Less: Closing balance of interest</b>		
On demand deposits	(1,049,742,651)	(1,201,433,568)
On other deposits	(245,437,630)	(151,104,048)
Sub total	(1,295,180,281)	(1,352,537,615)
	<b>13,309,005,958</b>	<b>14,701,890,230</b>

	<b>2013</b>	<b>2012</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>44 Increase/(decrease) of other liabilities</b>		
<b>Closing balance:</b>		
Interest on bills discounted	50,824	55,752
Lease Obligation	15,050,997	21,471,134
Risk fund of Consumer Credit and Rider	473,512	473,512
Interest suspense	876,721,731	606,963,533
Off-shore banking unit	892,297,064	628,963,932
	<b>892,297,064</b>	<b>628,963,932</b>
<b>Less: Opening balance:</b>		
Interest on bills discounted	55,752	14,843,911
Provision for gratuity	-	14,715,321
Lease Obligation	21,471,134	21,471,134
Risk fund of Consumer Credit and Rider	473,512	473,500
Interest suspense	606,963,533	398,602,390
	628,963,932	450,106,255
	<b>263,333,132</b>	<b>178,857,677</b>
<b>44 (a) Consolidated (Increase)/decrease of other liabilities</b>		
ONE Bank Limited	263,333,132	178,857,677
ONE Securities Limited	(18,400)	6,250
	<b>263,314,733</b>	<b>178,863,927</b>
<b>45 Payment for purchase of securities</b>		
<b>a) Treasury Bills</b>	11,718,646,281	9,905,884,024
<b>b) Treasury Bond</b>	1,315,317,929	791,592,340
	13,033,964,210	10,697,476,364
<b>c) Others- Shares</b>		
Closing balance	1,279,076,364	1,709,784,831
Add: Sale during the year	470,581,300	47,997,722
Less: Opening balance	(1,709,784,831)	(1,467,316,533)
	39,872,832	290,466,020
	<b>13,073,837,042</b>	<b>10,987,942,384</b>
<b>45 (a) Consolidated Payment for purchase of securities</b>		
ONE Bank Limited	13,073,837,042	10,987,942,384
ONE Securities Limited	-	22,000,000
	<b>13,073,837,042</b>	<b>11,009,942,384</b>
<b>46 Receipts from sale of securities</b>		
a) Treasury Bills	12,722,200,000	8,548,600,000
b) Others- Shares	470,581,300	47,997,722
	<b>13,192,781,300</b>	<b>8,596,597,722</b>
<b>47 Letters of Guarantee</b>		
i) Claims against the Bank not acknowledged as debts	-	-
ii) Money for which the Bank is contingently liable in respect of guarantee given favoring:		
Directors	-	-
Government	1,521,763,941	679,202,775
Banks and other financial institutions	319,742,178	451,660,440
Others	9,517,234,472	7,199,815,349
	11,358,740,591	8,330,678,563
<b>Total (i and ii)</b>	<b>11,358,740,591</b>	<b>8,330,678,563</b>

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>48 Basic Earnings Per Share</b>		
Attributable profit for the year	<b>1,348,639,366</b>	<b>1,055,428,672</b>
Weighted average number of outstanding Shares for the year:		
Opening balance	414,527,828	414,527,828
Bonus Share Issued during the year 2012	62,179,174	62,179,174
	<b>476,707,002</b>	<b>476,707,002</b>
<b>Basic Earnings Per Share</b>	<b>2.83</b>	<b>2.21</b>

Earnings per share has been calculated in accordance with BAS-33:"Earnings Per Share (EPS)". Previous year's figures have been restated for the issue of bonus shares during the year.

**48 (a) Basic Earnings Per Share Consolidated**

Attributable to holding company	<b>1,277,901,104</b>	<b>1,119,598,009</b>
Weighted average number of outstanding Shares for the year:		
Opening balance	414,527,828	414,527,828
Bonus Share Issued in the year 2012	62,179,174	62,179,174
	<b>476,707,002</b>	<b>476,707,002</b>
<b>Basic Earnings Per Share</b>	<b>2.68</b>	<b>2.35</b>

Earnings per share has been calculated in accordance with BAS-33:"Earnings Per Share (EPS)". Previous year's figures have been restated for the issue of bonus shares during the year.

**49 Related Party Disclosures of the Bank**

- i) Name of the directors together with a list of entities in which they have interest- **Annexure-E**
- ii) Significant contracts where Bank is a party and wherein Directors have interest during the year 2013: **Nil**
- iii) Shares issued to Directors and Executives without consideration or exercisable at discount: **Nil**
- iv) Lending policies in respect of related party:
  - a) Amount of transaction regarding loans and advances, deposits, guarantees and commitment as on 31.12.2013: **Nil**
  - b) Amount of transactions regarding principal items of deposits, expenses and commission : **Nil**
  - c) Amount of provision against loans and advances given to related party : **Nil**
  - d) Amount of guarantees and commitments arising from other off-balance sheet exposures : **Nil**
- v) Disclosure of transaction regarding Directors and their related concerns: **Nil**
- vi) i) As on Balance Sheet date, the total receivable amount of Tk.11,288,213 from ONE Securities Limited.  
ii) As on Balance Sheet date, the lending amount of Tk. 403,653,372 to ONE Securities Limited.
- vii) Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act-1991:
  - a) Lease agreement made with the Director :

Nature of the contract	Branch / Office / Location	Name of Director and related by	Remarks
Lease agreement	Corporate Head Quarters, ONE Bank LTD,46, Kawranbazar, Dhaka.	Mr. Sayeed H. Chowdhury, owner of M/S. Hamid Properties Limited	Expiry date of lease 31.10.2023
Lease agreement	Off Site Stationeries Store at Tejgaon, Plot # 26 Tejgaon Industrial Area, Dhaka.	Mr. Zahur Ullah, owner of M/s. Shamah Enterprises Limited	Expiry date of lease 31.05.2021
Lease agreement	Central Maintenance Unit and Off Site Stationeries Store 14-17A Sagshad Avenue, Tejgaon, Dhaka	Mr. Sayeed H. Chowdhury, owner of M/S. HRC Bangladesh Limited	Expiry date of lease 13.07.2016
Lease agreement	ONE Bank Ltd, Kawran Bazar Branch, HRC Bhaban 46, Kawranbazar, Dhaka	Mr. Sayeed H. Chowdhury, owner of M/S. Hamid Properties Limited	Expiry date of lease 31.06.2023
Lease agreement	Centralised Tarde Processing Center & Centralised Loan Admin Department HRC Bhaban 64-66., Agrabad C/A, Chitagong	Mr. Sayeed H. Chowdhury, owner of M/S. HRC Properties Limited	Expiry date of lease 29.02.2024

- viii) Investments in the Securities of Directors and their related concern: **Nil**

**50 Number of employees of the Bank**

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk. 36,000 p.a. or above were 1,810.

**51 Events after the balance sheet date**

The Board of Directors in its 207th meeting held on 25 March 2014 has recommended stock dividend @10% and cash dividend @ 9% subject to the approval of the Shareholders at the next Annual General Meeting.

M. Fakhru Alam  
Managing Director

Salahuddin Ahmed  
Director

Syed Nurul Amin  
Director

Asoke Das Gupta  
Vice Chairman

**ONE Bank Limited**  
**Financial Highlights on the overall activities of the Bank**  
**As at 31 December 2013**

SI No	Particulars	2013 (Taka)	2012 (Taka)	Change in %
1	Paid up Capital	4,767,070,020	4,145,278,280	15.00
2	Total Capital	12,069,722,880	8,437,921,139	43.04
3	Capital Surplus	2,088,982,880	367,312,991	468.72
4	Total Assets	102,690,970,846	85,617,746,775	19.94
5	Total Deposits	86,568,343,101	73,055,774,154	18.50
6	Total Loans and Advances	76,573,345,090	60,216,129,302	27.16
7	Total Contingent Liabilities	44,183,034,745	32,668,937,843	35.24
8	Credit Deposit ratio (%)	88.45%	82.42%	7.31
9	Percentage of Classified Loans against total loans and advances	4.89%	5.52%	(11.50)
10	Profit after tax and provisions	1,348,639,366	1,055,428,672	27.78
11	Amount of classified loans during the year	3,740,752,000	3,322,880,724	12.58
12	Provision kept against classified loans	1,788,421,802	1,555,438,573	14.98
13	Provision surplus/ (shortage)	-	327,968	(100.00)
14	Cost of fund	9.04%	9.05%	(0.11)
15	Interest earning Assets	91,726,572,675	76,342,367,376	20.15
16	Non-interest earning assets	10,964,398,170	8,243,516,440	33.01
17	Return on investment (ROI)	14.08%	14.31%	(1.64)
18	Return on Assets (ROA)	1.43%	1.38%	3.98
19	Income from Investment	1,018,659,295	552,388,074	84.41
20	Earning per Share	2.83	2.21	27.78
21	Net Income per share	2.83	2.21	27.78
22	Price Earning Ratio	5.58	10.30	(45.77)

## Annexure-A

**ONE Bank Limited**  
**Schedule of Fixed Assets as at 31 December 2013**

[Referred to Note 8 of these Financial Statements]

Particulars	Cost (Taka)				Depreciation (Taka)				Net book value at 31 December	Rate of depreciation per annum (Reducing Balance Method)
	Balance on 1 January	Additions during the year	Disposal during the year	Balance at 31 December	Balance on 1 January	Charge for the year	Adjusted on disposal during the year	Balance at 31 December		
Furniture and Fixtures	702,275,365	113,878,519	1,123,100	815,030,784	233,600,561	54,789,879	861,854	287,528,586	527,502,198	%
Office Equipment	508,057,947	92,644,585	1,000,000	599,702,532	230,209,769	61,424,606	800,820	290,833,555	308,868,977	10
Motor Vehicles	177,598,941	41,700,814	12,137,692	207,162,063	73,907,476	25,587,289	9,276,120	90,218,645	116,943,418	18
Building	118,999,192	-	-	118,999,192	4,357,018	3,417,480	-	7,774,498	111,224,694	20
Land	17,700,000	-	-	17,700,000	-	-	-	-	17,700,000	2.5
<b>Sub-Total</b>	<b>1,524,631,446</b>	<b>248,223,917</b>	<b>14,260,792</b>	<b>1,758,594,571</b>	<b>542,074,825</b>	<b>145,219,254</b>	<b>10,938,794</b>	<b>676,355,285</b>	<b>1,082,239,286</b>	
<b>Leased Assets</b>	25,044,000	-	-	25,044,000	3,538,800	5,095,556	-	8,634,356	16,409,644	
<b>Total</b>	<b>1,549,675,446</b>	<b>248,223,917</b>	<b>14,260,792</b>	<b>1,783,638,571</b>	<b>545,613,625</b>	<b>150,314,810</b>	<b>10,938,794</b>	<b>684,989,641</b>	<b>1,098,648,930</b>	
<b>Intangibles Assets</b>	100,248,337	30,780,000	-	131,028,337	5,854,025	18,195,631	-	24,049,656	106,978,681	20
<b>2013</b>	<b>1,649,923,783</b>	<b>279,003,917</b>	<b>14,260,792</b>	<b>1,914,666,908</b>	<b>551,467,650</b>	<b>168,510,441</b>	<b>10,938,794</b>	<b>709,039,297</b>	<b>1,205,627,611</b>	
<b>2012</b>	<b>1,257,779,640</b>	<b>397,390,984</b>	<b>5,246,842</b>	<b>1,649,923,783</b>	<b>426,630,521</b>	<b>129,242,501</b>	<b>4,405,372</b>	<b>551,467,650</b>	<b>1,098,456,133</b>	

## Annexure- B

### 1) Balance with Bangladesh Bank-Taka account

	Amount in Taka	
	Detail	Total
<b>Balance as per Bank ledger</b>		5,162,510,000
<b>Unrespond debit entries in:</b>		
Bangladesh Bank Statement	699,110	
ONE Bank's ledger	696,676	1,395,786
		5,161,114,215
<b>Unrespond credit entries in:</b>		
Bangladesh Bank statement	3,548,266	
ONE Bank's ledger	4,204,715	7,752,981
<b>Balance as per Bangladesh Bank Statement</b>		<b>5,168,867,196</b>

### 2) Balance with Bangladesh Bank-Foreign currency

	Amount in Taka			
	USD	EURO	GBP	Total
<b>A) Balance as per Bank ledger</b>	2,147,136,136	6,697,551	2,102,998	2,155,936,685
<b>B) Unrespond debit entries in:</b>				
Bangladesh Bank Statement	90,792,129	-	-	90,792,129
ONE Bank's ledger	193,135	-	-	193,135
	90,985,264	-	-	90,985,264
<b>C) Unrespond credit entries in:</b>				
Bangladesh Bank statement	99,778,004	-	-	99,778,004
ONE Bank's ledger	357,174,746	-	-	357,174,746
	456,952,750	-	-	456,952,750
<b>Balance as per Bangladesh Bank Statement (A-B+C)</b>	<b>2,513,103,621</b>	<b>6,697,551</b>	<b>2,102,998</b>	<b>2,521,904,171</b>



**ONE Bank Limited**  
**Financial Statements for the year ended 31 December 2013**  
**Balance with other banks in foreign currency**

[Referred to Note 4.4 of these financial statements]

Name of the Banks	Currency Name	2013			2012		
		Amount in Foreign Currency	Conversion rate per unit F.C.	Amount in BDT.	Amount in Foreign Currency	Conversion rate per unit F.C.	Amount in BDT.
Citibank NA, New York	USD	34,037.77	77.7500	2,646,436.62	34,037.77	79.8499	2,717,912.53
Standard Chartered Bank, New York	USD	(213,750.84)	77.7500	(16,619,127.81)	650,844.16	79.8499	51,969,841.09
Union De Banques Arabes Et Francaises, Singapore	USD	-		-	250080.47	79.8499	19,968,900.52
HSBC Bank , New York, USA	USD	864,642.10	77.7500	67,225,923.28	1,149,882.30	79.8499	91,817,986.67
Mashreqbank Psc, New York	USD	(357,679.87)	77.7500	(27,809,609.89)	296,817.00	79.8499	23,700,807.77
ICICI Bank Limited, Hong Kong	USD	(221,727.09)	77.7500	(17,239,281.25)	42,655.86	79.8499	3,406,066.16
Wells Fargo Bank N.A	USD	2,174,553.55	77.7500	169,071,538.51	1,764,828.93	79.8499	140,921,413.58
		<b>2,280,075.62</b>		<b>177,275,879.46</b>	<b>4,189,146.49</b>		<b>334,502,928.32</b>
Standard Chartered Bank, London	GBP	<b>242,929.03</b>	128.0776	<b>31,113,767.13</b>	<b>476,215.93</b>	<b>129.1013</b>	<b>61,480,095.64</b>
Arab Bangladesh Bank Ltd, Mumbai	ACUD	697,218.58	77.7500	54,208,744.60	404,931.02	79.8499	32,333,701.45
Habib Bank Limited	ACUD	1,298,267.39	77.7500	100,940,289.57	-		-
Standard Chartered Bank, Pakistan	ACUD	1,128,847.30	77.7500	87,767,877.58	-		-
Nepal Bangladesh Bank Ltd, Kathmandu	ACUD	16,338.53	77.7500	1,270,320.71	16,338.53	79.8499	1,304,629.99
SEYLAN Bank Ltd, Colombo	ACUD	47,033.58	77.7500	3,656,860.85	15,136.84	79.8499	1,208,675.16
HSBC Bank , Karachi, Pakistan	ACUD	-		-	21,697.64	79.8499	1,732,554.38
HSBC Bank , Mumbai	ACUD	57,147.63	77.7500	4,443,228.23	188,744.29	79.8499	15,071,212.68
ICICI Bank Limited, Mumbai	ACUD	273,237.56	77.7500	21,244,220.29	391,003.74	79.8499	31,221,609.54
		<b>3,518,090.57</b>		<b>273,531,541.83</b>	<b>1,037,852.06</b>		<b>82,872,383.20</b>
Standard Chartered Bank, Tokyo	JP YEN	1,456,349.00	0.7393	1,076,678.82	9,389,347.00	0.9278	8,711,436.15
		<b>1,456,349.00</b>		<b>1,076,678.82</b>	<b>9,389,347.00</b>		<b>8,711,436.15</b>
Unicredit Bank, AG	EURO	78,087.44	106.8207	8,341,355.00	115,344.68	105.5696	12,176,891.73
Standard Chartered Bank, Frankfurt	EURO	67,257.05	106.8207	7,184,445.16	30,624.37	105.5696	3,233,002.49
Commerzbank AG Frankfurt	EURO	74,974.92	106.8207	8,008,873.44	109,623.98	105.5696	11,572,959.72
ICICI Mumbai	EURO	20,841.40	106.8207	2,226,292.94	5,884.60	105.5696	621,234.87
		<b>241,160.81</b>		<b>25,760,966.54</b>	<b>261,477.63</b>		<b>27,604,088.81</b>
Westpac Banking Corporation	AUD	18,282.49	68.9254	1,260,127.94	32,301.05	82.7804	2,673,893.84
Bank of Nova Scotia	CAD	94,435.96	72.6025	6,856,286.79	27,181.99	80.1384	2,178,321.19
<b>Total</b>				<b>516,875,249</b>			<b>520,023,147</b>

**ONE Bank Limited**  
**Details of large loan**  
**As at 31 December 2013**

SL No	Group/ Client Name	Outstanding (Taka in crore)		
		Funded	Non-Funded	Total
1	Bangladesh Petroleum Corporation	-	502.14	502.14
2	Medlar Group	121.32	87.15	208.47
3	Zahintex Industries Ltd	86.5	116.05	202.55
4	Kalyar Replica Ltd.	99.05	70.54	169.59
5	Ananda Ship	65.57	103.65	169.22
6	Argon Denims Ltd.	101.42	60.24	161.66
7	ORASCOM Telecom BD Ltd.	40.00	104.58	144.58
8	Harvest Rich Group	135.86	2.92	138.78
9	Aman Group	95.91	41.17	137.08
10	Lanka Bangla Securities Ltd.	136.59	-	136.59
11	HABIB GROUP	84.48	44.50	128.98
12	Polmal Group	36.77	89.82	126.59
13	Clifton Group	80.13	44.17	124.30
<b>Total</b>		<b>1,083.60</b>	<b>1,266.93</b>	<b>2,350.53</b>

## Name of the Directors and the entities in which they have interest as on 31 December 2013

SL No	Name of the Director	Status with the Bank	Name of the Firms/Companies in which they are interested as proprietor, partner, Director, managing agent, Guarantor, Employee etc	Percentage (%) of holding in the company	Remarks
1.	Mr. Sayeed Hossain Chowdhury	Chairman	1 Bangladesh Shipping Lines Ltd. 2 Baridhi Shipping Lines Ltd. 3 Bangladesh Land Ltd. 4 HRC Syndicate Ltd. 5 HRC Travels Ltd. 6 HRC Lighting Ltd. 7 HRC Properties Ltd. 8 HRC Shipping Ltd. 9 HRC Agrocom Ltd. 10 HRC Bangladesh Ltd. 11 HRC Products Ltd. 12 HRC Beverages Ltd. 13 HRC Media Ltd. 14 HRC Motors Ltd. 15 Hamid Properties Ltd. 16 Arakan Express Ltd. 17 Information Services Network Ltd. 18 Bangladesh General Insurance Co. Ltd 19 HRC Freight Ltd. 20 HRC Airways Ltd. 21 Jajjaidin Publications Ltd.	60.00 60.00 49.00 93.00 99.00 47.00 45.00 63.79 80.00 56.00 80.00 90.00 99.50 90.00 10.00 21.00 8.17 2.07 80.00 18.00 84.69	
2.	Mr. Asoke Das Gupta	Vice-Chairman	1 Uniroyal Securities Ltd. 2 Uniroyal Trade Ltd. 3 IMTREX 4 OcuNova Eye Hospital 5 NTC Housing Ltd	55.00 60.00 100.00 5.00 12.50	
3.	Mr. Zahur Ullah	Director	1 Gtex Ltd. 2 Everest Embroidery Ltd. 3 Lables & Trims Ltd. 4 Lamisa Ltd. 5 L-2 Knitting Ltd. 6 Apparel Fair (Pvt.) Ltd. 7 Holiday Publications Ltd. 8 Buttons & Trims Ltd 9 Shamah Enterprises Ltd 10 Lamisa Food Products Ltd. 11 NTC Housing Ltd.	33.33 53.33 70.00 60.00 60.00 20.00 10.00 70.00 40.00 70.00 12.50	
4.	KSC Securities Limited	Director	1 NTC Housing Ltd.	12.50	Represented by Mr. A.S.M Shahidullah Khan
5.	Irfan International Limited	Director	1 NTC Housing Ltd.	12.50	Represented by Mr. Kazi Rukunuddin Ahmed
6.	M. R. Holdings & Securities Limited	Director	1 NTC Housing Ltd.	12.50	Represented by Mr. Shawket Jaman
7.	Mr. Syed Nurul Amin	Independent Director	-	-	-
8.	Mr. Salahuddin Ahmed	Depositor Director	1 Consolidated Services Limited	33.33	-

# **Disclosures on Risk Based Capital (BASEL II)**

For the year ended 31 December 2013

## **Introduction**

In accordance to Pillar III of the revised Framework for International Convergence of Capital Measurement and Capital Standards (BASEL II) and adopted under the Bangladesh Bank rules and regulations on risk based capital adequacy (issued through Revised RBCA Guidelines, dated December 29, 2010), we are now required to make more in-depth and expanded public disclosure regarding our risk profile (capital structure capital adequacy, risk management and measurement).

## **Disclosure Policy**

The Bank calculates Risk Weighted Assets (RWA) as per BASEL-II guidelines (BRPD circular no.09 dated December 31, 2008) under:

- a) Standardized approach for credit risk,
- b) Standardized approach for market risk and
- c) Basic indicator approach for operational risk.

## **Scope of Application**

The Risk Based Capital Adequacy framework applies to all banks on Solo and consolidated basis, where 'Solo' basis refers to all positions of the bank and 'Consolidated' basis includes subsidiary company of ONE Securities Limited.

## **Components of Disclosure Framework**

1. Capital Structure
2. Capital Adequacy
3. Credit Risk
4. Market Risk
5. Operational Risk

### **1. Capital Structure**

#### **Qualitative Disclosure:**

The terms and conditions of the main features of all capital instruments have been segregated in terms of eligibility criteria (BRPD) circular no. 35 dated December 29, 2010 and other instructions given by Bangladesh Bank).

Core Capital (Tier-1) comprises of paid up capital, statutory reserve, retained earnings and minority interest in subsidiaries.

Supplementary Capital (Tier-2) comprises of general provision(unclassified loans and off-balance sheet exposure), revaluation reserve for HTM securities up to 50%, surplus value of equity instruments up to 10% and Subordinated Debt as approved by Bangladesh Bank and Securities and Exchange Commission.

**Quantitative Disclosure:**

Amount in Crore

SL No.	Particulars	Solo	Consolidated
1.	<b>Amount of Tier-1 capital</b>		
	Fully Paid-up Capital	476.71	476.71
	Statutory Reserve	266.54	266.54
	Retained Earnings	107.72	89.56
	Minority interest in subsidiaries	-	1.28
	<b>Total Tier -1 Capital (A)</b>	<b>850.97</b>	<b>834.09</b>
2.	<b>Amount of Tier-2 capital</b>		
	General Provision	127.63	127.63
	Revaluation Reserve for HTM Securities up to (50%)	5.74	5.74
	Revaluation Reserves for equity instruments up to (10% Subordinated Debt	2.64	2.64
		220.00	220.00
	<b>Total Tier -2 Capital (B)</b>	<b>356.01</b>	<b>356.01</b>
	<b>Total Capital (A+B)</b>	<b>1,206.98</b>	<b>1,190.10</b>

**2. Capital Adequacy**

**Qualitative Disclosure:**

The bank strictly follows the guidelines of Bangladesh Bank regarding capital adequacy.

**Quantitative Disclosure:**

Amount in Crore

SL No.	Particulars	Solo	Consolidated
1.	Capital requirement for Credit Risk	8,905.80	8,785.11
	Capital requirement for Market Risk	325.80	465.50
	Capital requirement for Operational Risk	749.14	748.97
	<b>Total</b>	<b>9,980.74</b>	<b>9,999.58</b>
2.	Total Capital Ratio	12.09%	11.90%
	Total Tier-1 Capital Ratio	8.53%	8.34%

**3. Credit Risk**

**Qualitative Disclosure:**

Credit risk is the risk of financial loss resulting from failure by a client or counterparty to meet its contractual obligations to the Bank. Credit risk arises from the bank's dealings with or lending to corporate, individuals and other banks or financial institutions. ONE Bank is managing Credit Risk through a robust process that enables the bank to proactively manage loan portfolios in order to minimize losses and earn an acceptable level of return for shareholders.

### 3.1 Definitions of past due and impaired

ONE Bank Limited follows the Bangladesh Bank guidelines and definitions of past due and impaired loans as below:

Loan Type	Default		Classified / Impaired		
	Past due	Special Mention	SS	DF	BL
Continuous Loan	If not repaid/renewed within the fixed expiry date for repayment or after the demand by the Bank is treated as past due/overdue from the following day of the expiry date.	A continuous Credit, Demand Loan or a Term Loan which will remain overdue for a period of 02 (two) months or more will be treated as Special Mention Account (SMA).	If it remains past due /overdue for 3 months or beyond but less than 6 months	If it remains past due /overdue for 6 months or beyond but less than 9 months	If it remains past due /overdue for 9 months or beyond.
Demand Loan	If not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue/ overdue from the following day of the expiry date.		If it remains past due/overdue for 3 months or beyond but not over 6 months from the date of expiry / claim by the bank or from the date of creation of the forced loan	If it remains past due / overdue for 6 months or beyond but not over 9 months from the date of claim by the bank or from the date of creation of the forced loan	If it remains past due / overdue for 9 months or beyond from the date of claim by the bank or from the date of creation of the forced loan
Term Loan upto Tk.10.00 lac	In case any installment (s) or part of installment (s) of a Fixed Term Loan upto Tk.10.00 lac is not repaid within the due date, the amount of unpaid installment (s) will be termed as past due /overdue installments from the following day of the due date		If the amount of past due installment is equal to or more than the amount of installment (s) due within 6 months, the entire loan will be classified as "Sub-standard".	If the amount of past due installment is equal to or more than the amount of installment (s) due within 9 months, the entire loan will be classified as "Doubtful".	If the amount of past due installment is equal to or more than the amount of installment (s) due within 12 months, the entire loan will be classified as "Bad /Loss"

Loan Type	Default		Classified / Impaired		
	Past due	Special Mention	SS	DF	BL
Term Loan above Tk.10.00 lac	In case any installment (s) or part of installment (s) of a Fixed Term Loan above Tk. 10.00 lac is not repaid within the due date, the amount of unpaid installment (s) will be termed as past due /overdue installments from the following day of the due date		If the amount of past due installment is equal to or more than the amount of installment (s) due within 3 months, the entire loan will be classified as "Sub-standard".	If the amount of past due installment is equal to or more than the amount of installment (s) due within 6 months, the entire loan will be classified as "Doubtful.	If the amount of past due installment is equal to or more than the amount of installment (s) due within 9 months, the entire loan will be classified as "Bad /Loss"
Short-term Agricultural and Micro - Credit	If not repaid within the fixed expiry date for repayment will be considered past due / overdue after six months of the expiry date.		If irregular status continues, the credit will be classified as 'Substandard ' after a period of 12 months,	after a period of 36 months	after a period of 60 months

### 3.2 Description of approaches followed for specific and general allowances

ONE Bank Limited follows the General and Specific Provision requirement as prescribed by Bangladesh Bank time to time.

### 3.3 Methods used to measure credit risk

In compliance with Risk Based Capital Adequacy, OBL, as per BASEL-II Guideline, uses ratings assigned by External Credit Assessment Agencies (ECAIs) approved by Bangladesh Bank. The rating is used for both fund based and Non-fund based exposure for corporate borrowers. Corporate, which are yet to get the ratings from these rating agencies, are treated as 'Unrated'.

OBL also uses the Credit Risk Grading System prepared by Bangladesh Bank before taking any exposure on Corporate and Medium clients.

### **3.4 Credit Risk Management System**

Credit Risk Management includes a host of management techniques, which help the banks in mitigating the adverse impacts of credit risk. The objective of the Credit Risk Management is to identify measure, monitor and control credit risk by adopting suitable methodology.

OBL Credit Policy laid down clear outlines from managing credit risk of the Bank. It gives organization structure, defines role and responsibilities of credit handling officials and processes to identify, quantify and manage credit risk.

Credit Risk management system of the Bank clearly defines the roles and responsibilities of the Marketing Division, CRM Division & Credit Administration Department. Marketing division is responsible for Business Solicitation / Relationship Management. CRM Division has been vested with the responsibilities relating to credit approval, credit review, risk grading, credit MIS. The Bank has setup Project Appraisal & Monitoring [PAM] Department under CRM Division manned with qualified Engineers for pre-sanction project appraisal & monitoring of post-disbursement project implementation. Special Asset Management Department also reports to Head of CRM Division relating to the management of impaired assets. Credit Administration Division has been entrusted with completion of documentation formalities, loading of credit limits in the system, monitoring of account movements & repayments.

The policy covers a structured and standardized credit approval process including a comprehensive credit appraisal procedure. In order to assess the credit risk associated with any financing proposal, the Bank assesses a variety of risks relating to the borrower and the relevant industry. The Bank evaluates borrower risk by focusing:

- Borrower's standing
- Borrower's business and market position
- Financial position of the borrower by analyzing the financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy.

The Board of Directors of the Bank has delegated Business Approval Power to the Head Of CRM and Managing Director. Credit facilities beyond the delegation are approved by the EC and / or Board.

The Bank manages its credit risk through continuous measuring and monitoring of risks at each obligor (borrower) and portfolio level. One Bank is also considering credit ratings of the client assessed by ECAIs while initiating any credit decision. A well structured Delegation and Sub-delegation of Credit Approval Authority is prevailing at One Bank Limited for ensuring goods governance and better control in credit approval and monitoring.

### **3.5 Credit Risk Mitigation**

Banks, for mitigating credit risks, usually accepts collaterals viz. cash and cash equivalents, registered mortgage on land and building and hypothecation of inventory, receivables and machinery, motor vehicles, aircraft etc. Housing loans are secured by the property/ asset being financed.

However, in compliance with Risk Based Capital Adequacy as prescribed by Bangladesh Bank OBL only considers eligible financial collateral for risk mitigation as per Basel II guidelines.

The Bank accepts guarantees from individuals with considerable net worth and the Corporate, besides guarantee issued by Government, other Commercial banks in line with present BASEL-II guidelines.



### 3.6 Policies and Processes for Collateral Valuation and Management

OBL has specific stipulations about acceptability, eligibility and mode of valuation of real estate collaterals whereby independent qualified surveyors have been enlisted to perform the valuation job. Apart from professional valuation, RMs and credit officers at Branch level physically verify the collateral offered and cross check the professional valuation. Subsequently entire chain documents of the collateral are checked and vetted both by OBL enlisted Panel Lawyers and Head Office Loan Administration Division so as to ensure clean title and enforceability of the collateral.

#### Quantitative Disclosure:

Particulars	Amount in Crore	
	Solo	Consolidated
<b>Total gross credit risk</b>	8,905.80	8,785.11
Funded Domestic	7,597.42	7,476.73
Non-Funded Domestic	1,308.38	1,308.38
Geographical distribution of exposures		
Domestic	8,905.80	8,785.11
Overseas	-	-
Cash and Cash equivalents		
Claims on Bangladesh Government and Bangladesh Bank		
Claims on Banks & NBFIs:	165.59	165.82
Claims on Corporate	5,493.63	5,493.63
Claims included in retail portfolio & Small Enterprise	140.00	140.00
Claims on Consumer Loan	62.98	62.98
Claims Fully secured by residential property	162.77	162.77
Claims Fully secured by commercial real estate	3.35	3.35
Past due claims	246.04	246.04
Other categories	1,306.51	1,185.59
Credit Risk Mitigation	16.55	16.55
Risk weighted assets for On-balance sheet items	7,597.42	7,476.73
Claims secured by financial collateral		
<b>Risk weighted assets for Off-balance sheet exposure</b>	1,308.38	1,308.38
Gross Non Performing Assets (NPAs)	368.54	368.54
Non Performing Assets (NPAs) to Outstanding Loans & Advances	4.89%	4.89%
<b>Movement of Non-Performing Assets (NPAs)</b>		
Opening Balance	332.29	332.29
Additions	246.99	246.99
Reductions	205.20	205.20
Closing Balance	374.08	374.08
<b>Movement of specific provisions for NPAs</b>		
Opening Balance	153.28	153.28
Provision made during the period	55.35	55.35
written off	21.08	21.08
Write back of excess provision	8.71	8.71
Closing balance	178.84	178.84

## **4. Market Risk**

### **Qualitative Disclosure:**

Market risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate due to changes in different market variables, namely:

- Interest Rate Risk
- Equity Position Risk
- Foreign Exchange Risk
- Commodity Risk

All these risks are monitored by the Treasury. The foreign exchange risk is managed by setting limits on open foreign exchange position.

The Bank's Investment during the year 2012 was Tk. 979.19 crore. Investment was mostly in long term Government Securities which stood at Tk. 786.21 crore. The Government Treasury Bonds were purchased at higher rate of interest to cover the increased SLR arising from the growth of deposit liabilities.

### **4.1 Methods Used to Measure Market Risk**

To measure of market risk the Bank uses – Value-at-Risk (VaR).

### **4.2 Market Risk & Liquidity Risk Management Policies and System**

The objective of investment policy covering various fact of Market Risk is to assess and minimize risks associated with treasury operations by extensive use of risk management tools. Broadly it encompasses policy prescriptions for managing systematic risk, credit risk, market risk, operational risk and liquidity risk in treasury operations.

For market risk arising out of various products in trading book of the bank and its business activities, the bank sets regulatory internal and ensure adherence thereto. Limits for exposure to counterparties, industries and countries are monitored and the risks are controlled through Trigger Point, Stop Loss limits, Overnight limit, Daylight limit, Dealers limit, Dealing Room limit, Counter Party limit, Aggregate Gap limit, Value at Risk (VAR), Inter-bank dealing limit and investment limit etc.

For the Market Risk Management of the bank, it has a mid-office with separate Desks for Treasury & Asset Liability Management (ALM)

Asset Liability Management Committee (ALCO) is primarily responsible for establishing the market risk management, asset liability management of the bank, procedures thereof, implementing core risk management, framework issued by regulator, best risk management practices followed globally and ensuring that internal parameters, procedures, practices/policies and risk management prudential limits are adhered to.

Liquidity risk of the bank is assessed through Gap analysis for maturity mismatch based on residual maturity in different time buckets as well as various liquidity ratios and management of the same is done within the prudential limit fixed thereon. Further bank is also monitoring the liquidity position through various stock ratios. The bank is proactively using duration gap and interest rate forecasting to minimize the impact of interest rate changes.

### 4.3 Market Risk in Trading Book

Market risk regulatory capital requirements are computed based on the standardized approach prescribed by BB.

#### Quantitative Disclosure:

SL No.	Particulars	Amount in Crore	
		Solo	Consolidated
1.	The capital requirements for:		
	Interest Rate Risk	2.41	2.41
	Equity Position risk	27.99	41.96
	Foreign Exchange Risk	2.18	2.18
	Commodity Risk	-	-
	<b>Total</b>	<b>32.58</b>	<b>46.55</b>

### 5. Operational Risk

#### Qualitative Disclosure:

##### 5.1 Views of BOD on system to reduce Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal process, people and systems (for example failed IT system, or fraud perpetrated by a OBL employee), or from external causes, whether deliberate, accidental or natural. It is inherent in all of the Bank's activities. Operational risks are monitored and, to the extent possible, controlled and mitigated.

The Bank's approach to operational risk is not designed to eliminate risk altogether but rather, to contain risks within levels deemed acceptable by senior management.

All functions, whether business, control or logistics functions, must manage the operational risks that arise from their activities. Operational risks are pervasive, as a failure in one area may have a potential impact on several other areas. The Bank has therefore established a cross-functional body to actively manage operational risk as part of its governance structure.

The foundation of the operational risk framework is that all functions have adequately defined their roles and responsibilities. The functions can then collectively ensure that there is adequate segregation of duties, complete coverage of risks and clear accountability.

##### 5.2 Potential External Events

The bank invests heavily in IT Infrastructure for better automation and online transaction environment. The bank also has huge investment on alternative power supply (both UPS & generators) and network links to avoid system failure. ONE Bank invests heavily on security from terrorism and vandalism to avoid damage to physical assets.

##### 5.3 Approach for Calculating Capital Charges for Operational Risk

For local regulatory capital measurement purposes, the Bank follows the Basic Indicator Approach.

#### Quantitative Disclosure:

SL No.	Particulars	Amount in Crore	
		Solo	Consolidated
1.	<b>The capital requirements for:</b> Operational Risk	74.91	74.90

## Annexure-G

**ONE Bank Ltd**  
**Off-Shore Banking Unit**  
**Balance Sheet**  
**As at 31 December 2013**

	Notes	2013		2012	
		USD	Taka	USD	Taka
<b>PROPERTY AND ASSETS</b>					
<b>CASH</b>					
Cash in hand (including foreign currency)		-	-	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currency)		-	-	-	-
		-	-	-	-
<b>Balance with other Banks and Financial Institutions</b>					
In Bangladesh	3	-	-	-	-
Outside Bangladesh				5,000,000	399,249,500
		-	-	<b>5,000,000</b>	<b>399,249,500</b>
<b>Money at Call on Short Notice</b>					
		-	-	-	-
<b>Investment</b>					
		-	-	-	-
<b>Loans and Advances:</b>					
Loans, Cash Credits, Overdrafts, etc.	4	20,638,747	1,604,662,582	907,508	72,464,407
Bills purchased and discounted		1,715,498	133,380,007	2,120,733	169,340,287
		<b>22,354,246</b>	<b>1,738,042,589</b>	<b>3,028,240</b>	<b>241,804,694</b>
<b>Fixed Assets</b>					
		-	-	-	-
<b>Other Assets</b>					
		-	-	-	-
<b>Non Banking Assets</b>					
		-	-	-	-
<b>Total Assets</b>		<b>22,354,246</b>	<b>1,738,042,589</b>	<b>8,028,240</b>	<b>641,054,194</b>
<b>LIABILITIES AND CAPITAL</b>					
<b>Borrowing from other Banks, Financial Institutions and Agents</b>					
		-	-	-	-
<b>Deposits and other Accounts:</b>					
Current Account and Other account	5	324,751	25,282,929	736,342	58,796,805
Bills Payable		-	-	-	-
Saving bank deposit		-	-	-	-
Term deposits		-	-	-	-
		<b>324,751</b>	<b>25,282,929</b>	<b>736,342</b>	<b>58,796,805</b>
<b>Other Liabilities</b>					
	6	<b>21,830,366</b>	<b>1,697,277,387</b>	<b>7,106,140</b>	<b>567,424,591</b>
<b>Total Liabilities</b>		<b>22,155,117</b>	<b>1,722,560,316</b>	<b>7,842,482</b>	<b>626,221,395</b>
<b>Capital/Shareholders' Equity</b>					
Profit and Loss Account		<b>199,129</b>	<b>15,482,273</b>	<b>185,759</b>	<b>14,832,798</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>22,354,246</b>	<b>1,738,042,589</b>	<b>8,028,240</b>	<b>641,054,194</b>

<u>Notes</u>	2013		2012		
	USD	Taka	USD	Taka	
<b>Off Balance Sheet Items</b>					
<b>Contingent Liabilities:</b>					
Acceptance and endorsements	7	1,636,488	127,236,938	1,634,962	130,551,523
Letter of Guarantee		-	-	-	-
Irrevocable Letters of Credit		-	-	-	-
Bills for Collection		-	-	-	-
		<b>1,636,488</b>	<b>127,236,938</b>	<b>1,634,962</b>	<b>130,551,523</b>
<b>Other Commitments</b>					
Documentary Credit and short term trade related transactions		-	-	-	-
Forward assets purchased and forward deposits placed		-	-	-	-
Undrawn note issuance and revolving undertaking facilities		-	-	-	-
Undrawn formal standby facilities, credit lies and other commitments		-	-	-	-
		-	-	-	-
<b>Total Off Balance Sheet Items</b>		<b>1,636,488</b>	<b>127,236,938</b>	<b>1,634,962</b>	<b>130,551,523</b>

**ONE Bank Ltd**  
**Off-shore Banking Unit**  
**Profit and Loss Account**  
**For the year ended 31 December 2013**

Notes	2013		2012		
	USD	Taka	USD	Taka	
Interest Income	8	672,379	52,277,484	237,301	18,948,500
Interest paid on deposits and borrowings	9	373,818	29,064,325	108,732	8,682,244
<b>Net Interest Income</b>		<b>298,562</b>	<b>23,213,159</b>	<b>128,569</b>	<b>10,266,256</b>
Commission Exchange and Brokerage	10	68,666	5,338,764	52,229	4,170,444
Other Income	11	23,917	1,859,583	11,664	931,369
<b>Total Operating Income (A)</b>		<b>391,145</b>	<b>30,411,506</b>	<b>192,462</b>	<b>15,368,070</b>
Salaries and allowances	12	-	-	13,644	1,089,482
Rent, taxes, insurance, electricity etc.		-	-	-	-
Legal expenses		-	-	-	-
Postage, stamps, telecommunication etc.		-	-	-	-
Directors fees		-	-	-	-
Auditor's fee		-	-	-	-
Stationery, printings, advertisements etc.		-	-	-	-
Managing Director's salary and fees		-	-	-	-
Depreciation, leasing expense and repair of bank's assets		-	-	-	-
Other expenses		-	-	-	-
<b>Total operating expenses (B)</b>		<b>-</b>	<b>-</b>	<b>13,644</b>	<b>1,089,482</b>
<b>Profit before provision (C=A-B)</b>		<b>391,145</b>	<b>30,411,506</b>	<b>178,818</b>	<b>14,278,587</b>
Provision for loans and advances					
Specific provision		-	-	-	-
General provision		(192,442)	(14,962,379)	(10,861)	(867,259)
		(192,442)	(14,962,379)	(10,861)	(867,259)
Provision for off-balance sheet items		426	33,146	3,920	313,048
<b>Other provision</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Provision (D)</b>		<b>(192,016)</b>	<b>(14,929,233)</b>	<b>(6,941)</b>	<b>(554,211)</b>
<b>Profit/(loss) before taxes (C-D)</b>		<b>199,129</b>	<b>15,482,273</b>	<b>185,759</b>	<b>14,832,798</b>
Current tax expense		-	-	-	-
Deferred tax (expense)/income		-	-	-	-
<b>Net profit after taxation</b>		<b>199,129</b>	<b>15,482,273</b>	<b>185,759</b>	<b>14,832,798</b>

**ONE Bank Limited**  
**Off-Shore Banking Unit**  
**Cash Flow Statement**  
**For the year ended 31 December 2013**

	2013		2012	
	USD	Taka	USD	Taka
<b>Cash flows from operating activities</b>				
Interest receipts in cash	672,379	52,277,484	237,301	18,948,500
Interest payments	(373,818)	(29,064,325)	(108,732)	(8,682,244)
Dividend receipts	-	-	-	-
Fee and commission receipts	68,666	5,338,764	52,229	4,170,444
Cash payments to employees	-	-	(13,644)	(1,089,482)
Cash payments to suppliers	-	-	-	-
Income Taxes paid	-	-	-	-
Receipts from other operating activities	23,917	1,859,583	11,664	931,369
Payment for other operating activities	-	-	-	-
<b>Operating profit before changes in current assets and liabilities</b>	<b>391,145</b>	<b>30,411,506</b>	<b>178,818</b>	<b>14,278,587</b>
Increase/(decrease) in operating assets and liabilities				
Loans and advances to customers	(19,326,005)	(1,502,596,897)	999,080	79,776,468
Other assets	-	-	-	-
Borrowing from other banking companies, agencies etc.	-	-	-	-
Deposits from banks	-	-	-	-
Deposits from customers	(411,591)	(32,001,178)	567,792	45,338,165
Other liabilities	14,346,451	1,115,436,570	3,252,749	259,731,714
	<b>(5,000,000)</b>	<b>(388,750,000)</b>	<b>4,998,440</b>	<b>399,124,933</b>
<b>A Net cash flows from operating activities</b>	<b>(5,000,000)</b>	<b>(388,750,000)</b>	<b>4,998,440</b>	<b>399,124,933</b>
<b>Cash flows from investing activities</b>				
Payments for purchase of securities	-	-	-	-
Receipts from sale of securities	-	-	-	-
Net Purchase/sale of fixed assets	-	-	-	-
<b>B Net cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financial activities</b>				
Receipts from issue of ordinary shares	-	-	-	-
Dividend paid	-	-	-	-
<b>C Net cash used in financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>D Net increase in cash and cash equivalents (A+B+C)</b>	<b>(5,000,000)</b>	<b>(388,750,000)</b>	<b>4,998,440</b>	<b>399,124,933</b>
Effect of exchange rate changes on cash and cash equivalents	-	(10,499,500)	-	-
<b>E Opening cash and cash equivalents</b>	<b>5,000,000</b>	<b>399,249,500</b>	<b>1,560</b>	<b>124,567</b>
<b>F Closing cash and cash equivalents (D+E)</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>	<b>399,249,500</b>
<b>Closing cash and cash equivalents</b>				
Cash in hand	-	-	5,000,000	399,249,500
Cash with Bangladesh Bank & its agent(s)	-	-	-	-
Cash with other banks and financial institutions	-	-	-	-
Money at call on short notice	-	-	-	-
	<b>-</b>	<b>-</b>	<b>5,000,000</b>	<b>399,249,500</b>

**ONE Bank Ltd**  
**Off-Shore Banking Unit**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2013**

**1.1 Status of the units**

Off-Shore Banking Unit is a separate business unit of ONE Bank Limited, governed under the rules and guidelines of Bangladesh Bank. The Bank obtained the Off-Shore Banking Unit permission vide letter no. BRPD (P-3) 744 (115)/2010-2337 dated 26 May 2010. The Bank commenced the operation of its Off-Shore Banking Unit from 12 December 2010. At Present the Bank has 2 (Two) units one in Dhaka and another in Chittagong.

**1.1.1 Principal activities**

The principal activities of the units are to provide all kinds of commercial banking services to its customers through its Off-Shore Banking Units in Bangladesh.

**1.2 Significant accounting policies and basis of preparation of financial statements**

**1.2.1 Basis of accounting**

Financial statements are prepared on the basis of a going concern and represent the financial performance and financial position of the OBU. The financial statements of the OBU are prepared in accordance with the Bank Companies Act 1991, in particular Banking Regulation and Policy Department (BRPD) Circular No. 14 dated 25 June 2003, Other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standard (BFRSs) and other rules and regulation where necessary.

**1.2.2 Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**1.2.3 Foreign currency transaction**

**a) Foreign currencies translation**

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per BAS-21 "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into Taka equivalent.

**b) Commitments**

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letter of credit and letter of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance date.

**1.2.4 Cash flow statement**

Cash flow statement has been prepared in accordance with the Bangladesh Accounting Standard-7 "Cash Flow Statement" under direct method as recommended in the BRPD Circular No. 14, dated 25 June 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

**1.2.5 Reporting period**

These financial statements cover from 01 January 2013 to 31 December 2013.

**1.3 Assets and basis of their valuation**

**1.3.1 Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value, and are used by the unit management for its short-term commitments.



### 1.3.2 Loans and advances / investments

- a) Loans and advances of Off-Shore Banking Units are stated in the balance sheet on gross basis.
- b) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

### 1.3.3 Fixed assets and depreciation

- a) All fixed assets are stated at cost less accumulated depreciation as per BAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and nonrefundable taxes.

- b) Depreciation is charged for the year at the following rates on reducing balance method on all fixed assets.

Category of fixed assets	Rate
Furniture and fixtures	10%
Office equipment	18%
Vehicle	20%

- c) For additions during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charged up to the date of disposal.

### 1.4 Basis for valuation of liabilities and provisions

A provision is recognised in the balance sheet when the unit has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

### 1.5 Revenue recognition

#### 1.5.1 Interest income

In terms of the provisions of the BAS-18 "Revenue", the interest income is recognized on accrual basis.

#### 1.5.2 Fees and commission income

Fees and commission income arises on services provided by the units are recognized on a cash receipt basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

#### 1.5.3 Interest paid and other expenses

In terms of the provisions of the BAS - 1 "Presentation of Financial Statements" interest and other expenses are recognized on accrual basis.

## 2 General

- a) Items included in the financial statements of the Unit are measured using the currency of primary economic environment in which the entity operates (functional currency). These financial statements are presented in US Dollar (USD) and Taka, where US Dollar is the functional currency and US Dollar (USD) and Taka are the Unit's presentation currency.

- b) Assets and liabilities & income and expenses have been converted into Taka currency @ US\$1 = Taka 77.75 (average rate as at 31 Decemer 2013).

	2013		2012	
	USD	Taka	USD	Taka
<b>3 Balance with other Banks and Financial Institutions</b>				
In Bangladesh	-	-	-	-
Outside Bangladesh (note-3.1)	-	-	5,000,000	399,249,500
	-	-	<b>5,000,000</b>	<b>399,249,500</b>
<b>3.1 Outside Bangladesh (Nostro accounts)</b>				
<b>Current account</b>				
Citibank N.A., New York, USA	-	-	<b>5,000,000</b>	<b>399,249,500</b>
<b>4 Loans and advances</b>				
<b>i) Loans, cash credits, overdrafts, etc.</b>				
Loan (General)	20,320,457	1,579,915,531	-	-
Cash Credit	-	-	-	-
Overdraft	-	-	-	-
Loan against Trust Receipt	318,290	24,747,051	907,508	72,464,407
	<b>20,638,747</b>	<b>1,604,662,582</b>	<b>907,508</b>	<b>72,464,407</b>
<b>ii) Bills purchased and discounted</b>				
Inland bills purchased	-	-	-	-
Foreign bills purchased and discounted	1,715,498	133,380,007	2,120,733	169,340,287
	<b>1,715,498</b>	<b>133,380,007</b>	<b>2,120,733</b>	<b>169,340,287</b>
	<b>22,354,246</b>	<b>1,738,042,589</b>	<b>3,028,240</b>	<b>241,804,694</b>
<b>5 Deposits and other accounts</b>				
Current deposits	4,551	387,396	240,213	19,180,953
Foreign currency deposits	-	-	-	-
Security deposits receipts	-	-	-	-
Sundry deposits	320,200	24,895,533	496,129	39,615,852
	<b>324,751</b>	<b>25,282,929</b>	<b>736,342</b>	<b>58,796,805</b>
<b>6 Other liabilities</b>				
Due to Head Office	21,590,458	1,678,624,592	7,059,508	563,701,029
General Provision (Unclassified Loan) 1%	239,907	18,652,795	46,632	3,723,562
	<b>21,830,366</b>	<b>1,697,277,387</b>	<b>7,106,140</b>	<b>567,424,591</b>
<b>7 Contingent liabilities</b>				
<b>Letters of credits</b>				
Letters of credits	-	-	-	-
Acceptance and endorsements	1,636,488	127,236,938	1,634,962	130,551,523
Back to Back letter of credit	-	-	-	-
	<b>1,636,488</b>	<b>127,236,938</b>	<b>1,634,962</b>	<b>130,551,523</b>
<b>8 Interest income</b>				
LTR loan	32,092	2,495,186	100,617	8,034,297
Foreign Documentary bills purchased	135,300	10,519,563	136,684	10,914,204
Short Term Loan	504,987	39,262,735	-	-
Others	-	-	-	-
<b>Interest on loans and advances</b>	<b>672,379</b>	<b>52,277,484</b>	<b>237,301</b>	<b>18,948,500</b>
Interest received from HO	-	-	-	-
<b>Total Interest income</b>	<b>672,379</b>	<b>52,277,484</b>	<b>237,301</b>	<b>18,948,500</b>

	2013		2012	
	USD	Taka	USD	Taka
<b>9 Interest on deposits, borrowings,</b>				
Interest paid to HO	373,818	29,064,325	108,732	8,682,244
	<b>373,818</b>	<b>29,064,325</b>	<b>108,732</b>	<b>8,682,244</b>
<b>10 Commission, exchange and brokerage</b>				
Commission on L/Cs'	25,364	1,972,044	18,068	1,442,745
Commission on Acceptance	27,535	2,140,835	11,089	885,461
Other commission	15,767	1,225,885	13,202	1,054,210
	<b>68,666</b>	<b>5,338,764</b>	<b>42,360</b>	<b>3,382,416</b>
<b>11 Other operating income</b>				
L/C advice charge	8,685	675,259	4,242	338,723
Export Bill Handling Charge	11,423	888,174	9,869	788,028
Postage	3,389	263,495	2,537	202,579
Others	420	32,655	4,885	390,067
	<b>23,917</b>	<b>1,859,583</b>	<b>21,533</b>	<b>1,719,398</b>
<b>12 Salaries and allowances</b>				
	-	-	13,644	1,089,482

**ONE Securities Limited**  
**Statement of Financial Position**  
**As at 31 December 2013**

	<u>Notes</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
<b>SOURCE OF FUND</b>			
<b>Shareholders' Equity</b>			
Paid-up Capital	3	1,463,636,300	1,463,636,300
Retained Earnings		(183,441,658)	(111,988,871)
<b>Total Source of fund</b>		<b>1,280,194,642</b>	<b>1,351,647,429</b>
<b>APPLICATION OF FUND</b>			
<b>Non Current Assets (A)</b>			
Membership at cost	4	-	600,200,000
Investment in DSE and CSE Shares	5	600,200,000	-
Preliminary expenses	7	872,894	1,309,342
Other Assets	8	200,000	-
		<b>601,272,894</b>	<b>601,509,342</b>
<b>Current Assets (B)</b>			
Advance deposit and prepayments	9	725,000	25,000
Advance income tax paid	10	2,735,392	2,708,127
Investment in Shares	6	1,199,560,500	1,199,560,500
Cash at Bank	11	4,627,862	8,974,031
		<b>1,207,648,754</b>	<b>1,211,267,658</b>
<b>Current Liabilities -C</b>			
Short Term Borrowing	12	403,653,372	347,453,129
Other liabilities	13	113,648,655	103,647,292
Audit Fee Payable	14	25,000	20,000
Other payable	15	11,399,979	10,009,150
		<b>528,727,006</b>	<b>461,129,571</b>
<b>Net Current Assets (D=B-C)</b>		<b>678,921,747</b>	<b>750,138,087</b>
<b>Total Application of Fund (A+D)</b>		<b>1,280,194,642</b>	<b>1,351,647,429</b>

The annexed notes 1-18 form an integral part of the financial statements.

A.S.M. Salahuddin  
 Director

Syed Nurul Amin  
 Director

Zahur Ullah  
 Chairman

See annexed auditor's report to the Shareholders of the date

Dhaka: 24 March 2014

ACNABIN  
 Chartered Accountants

**ONE Securities Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2013**

	<u>Notes</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
<b>Operating Income (A)</b>			
Interest on Bank Deposit		272,645	535,351
		<u>272,645</u>	<u>535,351</u>
<b>Operating Expenses (B)</b>			
Interest paid on Time Loan		59,739,395	13,753,129
Bank charges		1,798	8,574
Salary & Allowances	16	1,362,129	-
Audit Fees	14	25,000	20,000
Professional fees		-	30,000
Amortization of preliminary expenses	7	436,447	436,447
Printing & Stationary		2,615	6,250
Advertisement expenses		-	123,436
Fees and other expenses	17	142,505	1,575,005
Others	18	14,180	3,000
<b>Total</b>		<u>61,724,069</u>	<u>15,955,842</u>
<b>Net profit before provision and tax (A-B)</b>		<b>(61,451,424)</b>	<b>(15,420,491)</b>
Provision for diminution in value of share	13.1	10,000,000	(80,240,700)
Provision for income tax	13.2	1,363	2,700
<b>Net profit/(Loss) after provision</b>		<u><b>(71,452,787)</b></u>	<u><b>64,817,510</b></u>
Retained surplus brought forward		(111,988,871)	(176,806,380)
<b>Retained surplus carried forward</b>		<u><b>(183,441,658)</b></u>	<u><b>(111,988,871)</b></u>
<b>Earning per Share</b>		<b>(4.88)</b>	<b>4.43</b>

The annexed notes 1-18 form an integral part of the financial statements.

A.S.M. Salahuddin  
Director

Syed Nurul Amin  
Director

Zahur Ullah  
Chairman

See annexed auditor's report to the Shareholders of the date

Dhaka: 24 March 2014

ACNABIN  
Chartered Accountants

**ONE Securities Limited**  
**Statement of Cash Flows**  
**For the year ended 31 December 2013**

	<b>2013</b>	<b>2012</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>Cash Flows from Operating Activities</b>		
Interest Receipts in cash	272,645	535,351
Interest Payments	(54,839,151)	-
Income Taxes paid	(27,265)	(1,711,918)
Advance Deposit and Prepayment	(700,000)	(25,000)
Payment as Security Deposit	(200,000)	-
Other Payable	(9,150)	-
Payment to employees	(9,250)	-
Operating Expenses	(133,998)	(1,758,016)
<b>A) Net Cash used in Operating Activities</b>	<b>(55,646,169)</b>	<b>(2,959,583)</b>
<b>Cash Flows from Investing Activities</b>		
Payments for purchase of securities	-	(22,000,000)
Membership at cost	-	(320,200,000)
Preliminary expenses	-	-
<b>B) Net Cash used in Investing Activities</b>	<b>-</b>	<b>(342,200,000)</b>
<b>Cash Flows from Financing Activities</b>		
Receipts from issue of shares	-	-
Short term borrowing	51,300,000	343,700,000
<b>C) Net Cash from Financing Activities</b>	<b>51,300,000</b>	<b>343,700,000</b>
D) Net increase/ (decrease) in cash and cash equivalent (A+B+C)	(4,346,169)	(1,459,583)
Opening Cash and cash equivalents	8,974,031	10,433,614
<b>Closing cash and cash equivalents</b>	<b>4,627,862</b>	<b>8,974,031</b>

The annexed notes 1-18 form an integral part of the financial statements.

A.S.M. Salahuddin  
Director

Syed Nurul Amin  
Director

Zahur Ullah  
Chairman

Dhaka: 24 March 2014

**ONE Securities Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2013**

<b>Particulars</b>	<b>Amount in Taka</b>		
	<b>Paid-up Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance as on January 01, 2013	1,463,636,300	(111,988,871)	1,351,647,429
Net profit / (loss) during the period	-	(71,452,787)	(71,452,787)
<b>Balance as on December 31, 2013</b>	<b>1,463,636,300</b>	<b>(183,441,658)</b>	<b>1,280,194,642</b>
<b>Balance as on December 31, 2012</b>	<b>1,463,636,300</b>	<b>(111,988,871)</b>	<b>1,351,647,429</b>

The annexed notes 1-18 form an integral part of the financial statements.

A.S.M. Salahuddin  
Director

Syed Nurul Amin  
Director

Zahur Ullah  
Chairman

Dhaka: 24 March 2014

**ONE Securities Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2013**

**1 Status of the Company**

**1.1 Legal Form of the Company**

ONE Securities Limited (OSL) was incorporated on the May 04, 2011 under the Companies Act (Act XVIII) of 1994 as a Private company limited by shares. It is a subsidiary company of ONE Bank Limited. The Registered Office of the Company is situated at 2/F HRC Bhaban, 46 Kawran Bazar Commercial Area Dhaka-1215, Bangladesh.

**1.2 Nature of Business Activities:**

The principal activities of the company are to sell and deal in shares, stocks, debentures and other securities and undertake all the functions of a Stock Exchange member.

**2 Significant Accounting Policies and basis of preparation of Financial Statements**

**2.1 Basis of Accounting:**

These financial statements have been prepared under the historical cost convention on a going concern basis in accordance with Bangladesh Financial Reporting Standards (BFRSS), the Companies Act 1994, the Securities and Exchange Rules 1987, the Listing Regulations of the Stock Exchanges and other laws and rules applicable to securities company.

**2.2 Statement of Cash flows**

Statement of cash flows is prepared in accordance with the Bangladesh Accounting Standard-7 "Statement of Cash Flows" and the cash flows from operating activities have been presented under direct method.

**2.3 Fixed assets and depreciation**

a) All fixed assets are stated at cost less accumulated depreciation as per BAS-16 " Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and nonrefundable taxes.

b) Depreciation is charged for the year at the following rates on reducing balance method on all fixed assets.

<b>Category of fixed assets</b>	<b>Rate</b>
Furniture and fixtures	10%
Office equipment	18%
Vehicle	20%

c) For additions during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charged up to the date of disposal.

**2.4 Investment in Membership**

Investment in memberships are stated at cost. The cost of acquisition of a membership comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of stamp duty and non-refundable taxes, etc. This year Investment in Membership at cost has been restated as Investment in DSE and CSE Shares.



- 2.5 Investment in securities**  
Investment in marketable and non-marketable ordinary shares has been shown at cost. Provision for diminution in value of shares (Quoted) as on closing of the year on an aggregate portfolio basis has been made in the account.
- 2.6 Preliminary and pre-operating expenses**  
These are recognized as an asset if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and cost of the asset can be measured reliably. These are amortised over 5 years.
- 2.7 Cash and cash equivalents**  
Cash and cash equivalents include notes and coins in hand, unrestricted balances held with banks and highly liquid financial assets which are subject to insignificant risk of changes in their fair value, and are used by the company management for its short-term commitments.
- 2.8 Provision for taxation**  
As per the Income Tax Ordinance 1984, provision for income tax has been made by applying required rate.
- 2.9 Interest paid and other expenses**  
In terms of the provision of BAS-1 "Presentation of Financial Statements" interest and other expenses are recognized on accrual basis.
- 2.10 Share capital**  
Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.
- 2.11 Reporting period**  
These financial statements cover period from January 01, 2013 to December 31, 2013.
- 2.12 Reporting Currency**  
The amount shown in this financial statements are presented in Bangladeshi currency (Taka), which have been rounded off to the nearest Taka except where indicated otherwise.
- 2.13 Related party transaction**  
Related party transaction is a transfer of resources, services or obligation between related parties and here the related party transactions are the loan taken from ONE Bank Limited and a payable amounting to Tk.11,288,213 to ONE Bank Limited.
- 2.14 Directors' responsibility on Financial Statements**  
The board of directors of the company is responsible for the preparation and presentation of these Financial Statements.
- 2.15 Events after reporting period**  
All known material events after the Balance Sheet date have been considered and appropriate adjustments/ disclosures have been made in the Financeial Statements, where necessary up to the date of preparation of Financial Statements as per BSA-10 " Events After the Reporting Period".
- 2.16 Earnings per Share**  
Earnings per share (EPS) has been computed by dividing the profit after tax by the number of ordinary shares outstanding as on December 31, 2013 as per BAS-33 " Earnings Per Share".
- 2.17 General**  
Previous year figures have been rearranged wherever considered necessary to conform to current years presentation.

**ONE Securities Limited**  
**Notes to the Financial Statements**

	<u>2013</u>	<u>2012</u>
	<u>Taka</u>	<u>Taka</u>
<b>3 Share Capital</b>		
<b>3.1 Authorized Capital</b>		
4,00,00,000 Ordinary Shares of Taka 100/- each.	<u>4,000,000,000</u>	<u>4,000,000,000</u>
<b>3.2 Issued, Subscribed and Paid-up Capital</b>		
1,46,36,363 ordinary shares of Taka 100/- each fully paid.	<u>1,463,636,300</u>	<u>1,463,636,300</u>
<b>3.3 Shareholding position of the company</b>		
<u>Name of Shareholders</u>	<u>Number of Shares</u>	<u>Amount in Taka</u>
ONE Bank Limited	14,490,000	1,449,000,000
NTC Housing Limited	146,363	14,636,300
	<u>14,636,363</u>	<u>1,463,636,300</u>

**4 Membership at cost**

Purchase of DSE Membership	-	320,200,000
Purchase of CSE Membership	-	280,000,000
<b>Total</b>	<u>-</u>	<u>600,200,000</u>

The comparative figure of 2012 represents the amount paid for purchasing memberships of Dhaka Stock Exchange Limited (DSE) and of Chittagong Stock Exchange Limited (CSE) including stamp duty for transferring shares. As per the provision of the Exchange Demutualization Act-2013 and in accordance with the Bangladesh Security Exchange Commission (BSEC) approved Demutualization Scheme, Dhaka Stock Exchange Ltd. (DSE) allotted total 72,15,106 ordinary Shares and a Trading Right Entitlement Certificate (TREC), and Chittagong Stock Exchange Ltd. (CSE) allotted total 42,87,330 ordinary Shares and a Trading Right Entitlement Certificate (TREC) in favor of the company against the membership of DSE and CSE respectively. Out of the above, DSE transferred 2,886,042 shares and CSE transferred 1,714,932 shares at face value of Tk.10.00 each directly to the credit of the Beneficiary Owner's account of the company. The rest shares were credited to blocked accounts as per provisions of the Exchange Demutualization Act, 2013.

The total allotted shares are shown at cost under the head "Investment in DSE and CSE Shares" (Note# 5). As the TREC is not a commonly tradable instrument and no purchase/ sale transaction has yet occurred after demutualization, no value has been assigned to, and recorded against, these two TRECs.

**5 Investment in DSE and CSE Shares**

Shares in DSE *	320,200,000	-
Shares in CSE *	280,000,000	-
	<u>600,200,000</u>	<u>-</u>

\* This represents our original investment cost for DSE and CSE memberships in exchange of which shares at a face value of Tk. 10 each have been allotted in favour of the company in November 2013 for DSE and in October 2013 for CSE. As per the provision of the Exchange Demutualization Act-2013 and in accordance with the Bangladesh Security Exchange Commission (BSEC) approved Demutualization Scheme, Dhaka Stock Exchange Ltd. (DSE) allotted total 72,15,106 ordinary Shares at face value of Tk.10.00 each and Chittagong Stock Exchange Ltd. (CSE) allotted total 42,87,330 ordinary Shares at face value of Tk.10.00 each against the membership of DSE and CSE respectively. Out of the above DSE transferred 2,886,042 shares and CSE transferred 1,714,932 shares directly to the credit of the Beneficiary Owner's account of the company. The rest shares were credited to blocked accounts as per provisions of the Exchange Demutualization Act, 2013. As there is no active market for shares DSE and CSE, we have shown the value at original cost of our investment.

**6 Investment in Shares**

The City Bank Limited	697,520,500	697,520,500
Lanka Bangla Finance Limited	502,040,000	502,040,000
<b>Total cost price</b>	<u>1,199,560,500</u>	<u>1,199,560,500</u>

## 6.1 Comparison between cost and market price of Shares as on December 31, 2013

Name of Company	Number of shares	Market price	Market Value at 31-12-2013	Cost per unit	Cost	Surplus/ (Deficiency)
LankaBangla Finance Ltd	5,566,000	66.50	370,139,000	90.20	502,040,000	(131,901,000)
City Bank Ltd	16,256,625	20.20	328,383,825	42.91	697,520,500	(369,136,675)
			<b>698,522,825</b>		<b>1,199,560,500</b>	<b>(501,037,675)</b>
					<b>2013</b>	<b>2012</b>
					<b>Taka</b>	<b>Taka</b>
<b>7 Preliminary expenses</b>						
CSE Tender Schedule Purchase					15,000	15,000
SEC Capital Raising Consent Application					5,000	5,000
SEC Capital Raising Formal Approval Fee					332,751	332,751
RJSC Registration Fee					1,814,485	1,814,485
RJSC Legal Fee					15,000	15,000
					<b>2,182,236</b>	<b>2,182,236</b>
Less: Accumulated Amortised						
Opening balance					872,895	436,447
During the year					436,447	436,447
Closing balance					1,309,342	872,894
					<b>872,894</b>	<b>1,309,342</b>
<b>8 Other Asset</b>						
Security Deposit to CDBL for depositary participant					<b>200,000</b>	-
<b>9 Advance deposit and prepayment</b>						
Amount paid to Chittagong Stock Exchange as deposit for clearing house.					25,000	25,000
Advance payment of Software installation for Back Office					700,000	-
					<b>725,000</b>	<b>25,000</b>
<b>10 Advance income tax</b>						
Opening balance					2,708,127	996,209
Advance Income Tax U/S-74					-	1,658,383
Tax deducted at source					27,265	53,534.65
Closing balance					<b>2,735,392</b>	<b>2,708,127</b>
<b>11 Cash at Bank</b>						
ONE Bank Limited, Kawran Bazar Branch:						
Short Notice Deposit					<b>4,627,862</b>	<b>8,974,031</b>
<b>12 Short Term Borrowing</b>						
Time loan from ONE Bank Ltd *					<b>403,653,372</b>	<b>347,453,129</b>
* The above Time loan was taken from ONE Bank ltd, Kawran Bazar Branch bearing interest @ 15.50% per annum on quarterly basis vide reference no. OBL/KBB/CREDIT/058/2012 dated 07 October 2012 and OBL/KBB/CREDIT/058/ AD-1/2013 dated 10 October 2013 .						
<b>13 Other liabilities</b>						
Provision for diminution in value of investment in shares ( <b>note-13.1</b> )					110,990,000	100,990,000
Provision for Income Tax ( <b>note-13.2</b> )					2,658,655	2,657,292
					<b>113,648,655</b>	<b>103,647,292</b>
<b>13.1 Provision for diminution in value of investment in shares</b>						
Opening balane					100,990,000	181,230,700
Provision for the year					10,000,000	(80,240,700)
Closing balance					<b>110,990,000</b>	<b>100,990,000</b>

As per BSEC instruction circular reference # SEC/CMRRC/2009-193/155 dated December 09, 2013, ONE Securities Limited has the option to maintain 20% of total unrealized loss arising from diminution in value of investments as provision as at December 31, 2013. The total unrealized loss amounted to Tk. 501,037,675 whereas the required 20% provision amounts to Tk.100,207,535 as per the above instruction. We have maintained provision amounting to Tk. 110,990,000 which is 22% of total unrealized loss arising from diminution in value of investments as at December 31, 2013. The instruction prohibits payment of cash dividend if the company makes less than 100% provision on such unrealized loss.

	<b>2013</b>	<b>2012</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>13.2 Provision for Income Tax</b>		
Opening balane	2,657,292	2,654,592
Provision for the year *	1,363	2,700
Closing balance	<b><u>2,658,655</u></b>	<b><u>2,657,292</u></b>
* Net loss before provision and tax for the year ended 31 December , 2013 is Tk. 61,451,424, So the company will not be required to make provision against tax. But as per Income Tax Ordinance 1984 under Section 16CCC minimum tax @ 0.50% on the gross receipts is required to pay. Accordingly we have made a provision of Tk.1,363 on the gross receipts of tk. 272,645.		
<b>14 Audit Fee</b>		
Opening balance	20,000	20,000
Charge during the year	25,000	20,000
Paid during the year	(20,000)	(20,000)
Closing balance	<b><u>25,000</u></b>	<b><u>20,000</u></b>
<b>15 Other Payable</b>		
Payable to ONE Bank Ltd.	11,288,213	10,000,000
Tax on salary and LFA	108,016	
VAT on audit fees-2013	3,750	-
VAT on audit fees-2012	-	3,900
TDS from Audit fee	-	2,000
TDS from Professional Fees	-	3,000
TDS from Advertising Firm	-	250
	<b><u>11,399,979</u></b>	<b><u>10,009,150</u></b>
<b>16 Salary and Allowances</b>		
Salary & Allowances	1,217,563	-
Bonus	144,566	-
	<b><u>1,362,129</u></b>	<b><u>-</u></b>
<b>17 Fees and other expenses</b>		
Application Fee (BSEC)	10,000	-
Documentation fee for Depository Participant (CDBL)	2,500	-
Authorized representative application fee	2,000	-
Renewal fee of DP Registration CDBL-DP-393	4,000	-
Renewal fee of Stock Broker and Dealer Registration	20,000	-
Govt. Excise Duty	21,000	-
DSE Membership fee	4,700	-
CSE Membership Fee	5,000	5,000
Trade License Fee	33,305	17,005
Registration fee for Stock Dealer	20,000	20,000
Registration fee for Stock Broker	20,000	20,000
Information Networking Service Fee	-	13,000
DSE Entrance Fee	-	1,000,000
Membership fee (DSE Members Club)	-	500,000
	<b><u>142,505.00</u></b>	<b><u>1,575,005.00</u></b>
<b>18 Others</b>		
VAT on audit fee	6,750	3,000
Promotional exp	3,580	-
Non judicial Stamp	3,850	-
	<b><u>14,180</u></b>	<b><u>3,000</u></b>