
ORRATUM BANK PLC.

Annual Accounts 2014

Year ended 30 November 2014

Company registered in England and Wales

REGISTERED NUMBER: 08781066

AMENDED ACCOUNTS

CHARTERED ACCOUNTANT & AUDITOR

Garry Lesley

Licensed audit expert

John H. Stuart

Licensed audit expert & Auditor in charge

for and on behalf of

Ernst & Young (London)

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COMPANY INFORMATION:

ORRATUM BANK PLC

DIRECTORS:

Thomas D. Hedges

Sally Garcia

Joe Aden

Lionel Sajovic

Lanson Peter

REGISTERED NUMBER:

08781066

REGISTERED OFFICE:

100 PALL MALL

LONDON

SW1Y 5NQ

INDEPENDENT AUDITORS:

Garry Lesley

Licensed audit expert

John H. Stuart

Licensed audit expert & Auditor in charge

for and on behalf of Ernst & Young (London)

BANKERS:

ORRATUM BANK

PETROLEUM BANK

BNP PARIBAS FORTIS

HSBC

FOREWORD BY THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

2015 posed several operational and regulatory challenges for ORRATUM BANK. Despite close cost monitoring, the Bank was unable to generate an overall profit for the year, posting significantly lower trading profit compared to 2014. Increased cost pressures resulting from more stringent regulatory requirements had an additional negative impact on the financial results. Furthermore, ORRATUM BANK made substantial investments to take its growth strategy a significant step forward. The move to a new banking platform and the purchase of Petroleum Bank business mark two important milestones to strengthen the Bank's market position, grow profitably and look ahead with confidence.

In 2015, the financial markets continued to perform positively overall, notwithstanding continuing monetary and economic risks. In particular, equity markets in industrialised countries reached new highs, whereas equity indices in emerging markets suffered some setbacks as market volatility led to uncertainty among investors and thus to lower levels of client activity, particularly in the second half of the year. Continuing regulatory pressure also adversely affected the finance industry.

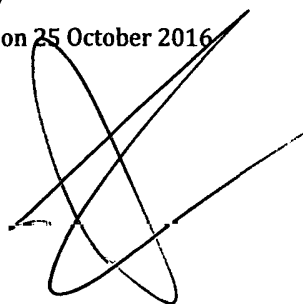
ORRATUM BANK is meeting the challenges of an exceptionally dynamic environment with a clear strategic direction based on enhanced asset management services focused on global businesses and emerging markets. One important step towards creating a leading emerging market business private bank was the acquisition of Petroleum Bank, which continued its activities as Petroleum Bank as from 31 August 2014. This wholly owned subsidiary of ORRATUM BANK specialises in providing asset management services for the petroleum industry clients from the Middle East, Africa, Eastern Europe and Asia, and therefore represents an excellent fit with the Bank's business model, customer segments and core markets. The Bank continued to reinforce its business strategy in March 2015 with the acquisition of the Petroleum Gas PLC a Petroleum Financial Brokerage and Agent.

In June 2015, it was decided as part of a strategic review to divest the private banking business in Hong Kong and focus more strongly on emerging markets in the Middle East, Africa and Eastern Europe – core markets in which the Bank has a clear competitive advantage. In June 2015, an agreement was reached to transfer the customer base and several employees from the Hong Kong branch to the Asian division of the international private banking group Petroleum Bank. The branch in Hong Kong will subsequently be closed, while the Singapore office continues to serve as a hub in Asia.

Mr Aden

CEO / Chairman

London 25 October 2016

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

CONSOLIDATED FINANCIAL STATEMENTS

ORRATUM BANK PLC

Year Ended 30 November 2014
AMENDED ACCOUNTS

COMPANY REGISTERED NUMBER

08781066

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 November 2014

The directors present their report and the financial statements for the year ended 30 Nov 2014.

RESULTS

The profit for the year, amounted to £52,122,000.

DIRECTORS

The directors who served during the year were:

Orratum Plc
Sally Garcia
Thomas D. Hedges
Joe Aden
Peter Lanson
Ian Smith
Orratum Holding

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to: select suitable accounting policies and then apply them consistently; make judgments and accounting estimates that are reasonable and prudent; prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MATTERS COVERED IN THE STRATEGIC REPORT

In accordance with section 414C (11) of the Companies Act 2006 the Company has chosen to include information in relation to future developments and financial risk management in the Company's strategic report.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

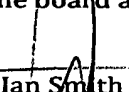
Garry Lesley Licensed audit expert & John H. Stuart Licensed audit expert & auditor in charge for and on behalf of Ernst & Young are deemed to be appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

This report was approved by the board and signed on its behalf.


Thomas D. Hedges

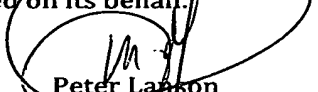
Director

17/10/16


Ian Smith

Director

17/10/16


Peter Lanson

Director

17/10/16


Orratum Plc

Director

17/10/16

ORRATUMBANK

CONSOLIDATED BALANCE SHEET AS OF 30 November 2014

in GBP (£)

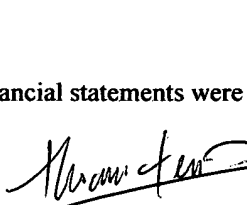
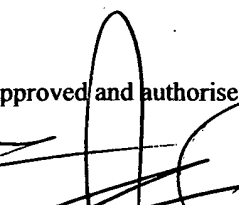
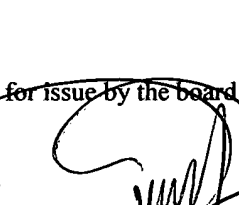
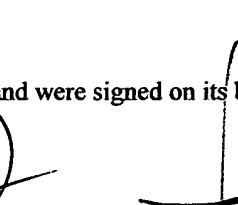
	Notes	2014
Assets		
Cash		55,035,000
Money market papers		31,536,000
Due from banks		18,595,000
Due from customers	2	1,266,616,000
Mortgage loans	2	1,819,000
Securities and precious metals held for trading purposes	3a	344,743,000
Financial investments	3b	11,687,000
Participations	1, 3c	20,188,000
Tangible fixed assets	4	4,570,000
Intangible assets	4	6,401,000
Accrued income and prepaid expenses		16,632,000
Other assets	10	27,740,000
Total assets		1,968,562,000
Total subordinated assets		23,016,000
Total due from non- Group companies and significant shareholders		0
Liabilities		
Money market papers		357,000
Due to banks		115,273,000
Due to customers with savings and deposit accounts		0
Other amounts due to customers		1,545,596,000
Accrued expenses and deferred income		26,728,000
Other liabilities	10	21,479,000
Valuation adjustments and provisions	7	19,978,000
Reserves for general banking risks	8	3,000,000
Share capital	8	120,000,000
Profit reserve	8	63,607,000
Minority interest in shareholders' equity	8	422,000
Net profit generated outside the U.K.	8	52,122,000
Of which minority interest		821,000
Total liabilities and shareholders' equity		1,968,562,000
Total subordinated liabilities		28,150,000
Total due to non- Group companies and significant shareholders		120,492,000

Consolidation off-Balance Sheet Items as of 30 November 2014

in GBP (£)

	Notes	2014
Contingent liabilities	2, 11a	8,406,000
Irrevocable commitments		24,933,000
Derivative instruments		
- positive replacement values	11b, 11c	19,266,000
- negative replacement values	11b, 11c	19,165,000
- contract volume	11b, 11c	1,283,916,000
Fiduciary items	11d	875,856,000

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

			
Thomas D. Hedges	Ian Smith	Peter Lanson	Orratum Plc
Director	Director	Director	Director
17/10/16	17/10/16	17/10/16	17/10/16

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Income and Expenses from Ordinary Banking Activities

in GBP (£)	Notes	2014
Results from interest activities		
Interest and discount income		41,259,000
Interest and dividend income on securities held for trading		8,686,000
Interest and dividend income on financial investments		1,327,000
Interest expenses		-13,714,000
Net result from interest activities		37,558,000
Results from commission and fee activities		
Commission and fee income from lending activities		3,548,000
Commission and fee income from securities and investment activities		50,449,000
Commission and fee income from other services rendered		1,675,000
Commission expenses		-6,099,000
Net result from commission and fee activities		49,573,000
Results from trading operations generated outside the U.K.	13a	21,661,000
Other ordinary income and expenses		
Profit on sales of financial investments		35,000
Income from equity participations according to the equity method		0
Income from other participations		42,000
Rental income		85,000
Other ordinary income		453,000
Other ordinary expenses		-523,000
Other ordinary income and expenses		92,000
Operating expenses		
Personnel expenses	13b	-60,198,000
Other operating expenses	13c	-48,083,000
Operating expenses		-108,281,000
Gross result generated outside the U.K.		603,000

Consolidated Net Profit

in GBP (£)	Notes	2014
Gross result		603,000
Depreciation of fixed assets and intangible assets	4	-2,834,000
Valuation adjustments, provisions and losses		-3,626,000
result before extraordinary items and taxes		-5,857,000
Extraordinary income	13d	59,092,000
Extraordinary expenses		-17,000
Taxes	13f	-1,096,000
Net profit Generated Outside the U.K.		52,122,000
Of which minority interest		821,000

DESCRIPTION OF BUSINESS ACTIVITIES

General information

Orratum Bank PLC. ("the Bank") and its subsidiaries ("the Company") primarily provide investment advisory, business banking and asset management services. The head office of Orratum Bank PLC and the Company is in London. In addition, Orratum Bank PLC has agents in Geneva, Hong Kong and New Zealand, South Africa, Singapore, and representative offices in London and Monaco, as well as various subsidiaries both in Europe and abroad. As of the end of 2014 the Company employed 82 people worldwide expressed in terms of full-time equivalents.

The information below relates to the 2014 financial year.

Principal activities

The Company's main activities comprise the provision of investment advisory services, business banking and asset management for business and corporate clients, as well as the trading and lending activities associated with these activities. The subsidiary Orratum Holding, Orratum Finance, Orratum Arbitrator, Orratum, Orratum VIP also operates in this business segment.

In addition, the Company is active in wealth management for institutional clients, namely through Orratum Fund Management.

In line with the Company's business activities, the major portion of its income is derived from commissions and service fees. Commissions and fees originate primarily from asset management, the Bank's brokerage activities and the administration of custody accounts. Additional commissions are earned from fiduciary transactions and other banking operations (loans, guarantees, money transfers, account keeping, etc.) generated outside the U.K.

Lending operations are conducted primarily on a collateral basis, with unsecured loans as an exception. Mortgages are only

foreign exchange. Derivative financial instruments are used primarily on behalf of business clients.

All other business segments are of minor importance and do not significantly impact the Company's balance sheet or profit and loss account.

Risk assessment

The Board of Directors discusses on a regular basis the critical risks to which the Company is exposed. These include market and credit risk, as well as operational risk. For credit risk, the assessment is based on risk rating categories and underlying collateral, as well as on external ratings. Market risk derived from the positions held in the trading and banking book is part of the asset and liability management. For operational risk the assessment is based on the bank's internal risk inventory of the key processes, with information concerning the likelihood that risk events will occur and the estimated impacts. Risk-reducing measures and internal controls are taken into account in the assessment. The Board of Directors adapted the risk policy in line with the risk assessment and set the overall risk limit based on the Risk Weighted Assets (RWA).

Risk Management

The risk policy approved by the Board of Directors along with the existing policies that govern the handling, recording and assessing of latent risks form the basis of risk management. Monitoring, identifying, measuring and controlling risk is an important function for the Company. In order to fulfill its responsibilities and carry out its monitoring function, the Board of Directors regularly receives relevant risk reports. The internal reports provide appropriate information on all key risk areas. Maintaining a positive reputation and strong credit rating form part of the Company's key goals. The Company ensures its regulatory capital requirements are met at all times and has defined its capacity and willingness to accept risk in such a way that even if a range of negative events were to occur the required capital adequacy levels would be maintained.

Credit risks

Credit exposure to businesses and corporate clients, banks and brokers arising from on- and off-balance sheet transactions exists within the normal course and scope of business. Credit exposure to clients is strictly limited by means of appropriate collateral requirements and by market-oriented monitoring and controls. The credit approval process is clearly organised and structured on a hierarchical basis.

As a matter of principle, the Company works together only with first-class counterparties. In order to manage counterparty risk in interbank and trading activities the Company applies a system of limits that is largely based on the counterparty rating. The assessment also takes into consideration current market estimations (e. g. CDS premiums) and the Company's capital base.

Market risks

Market risks from trading are monitored by the Risk Control department on a daily basis by using delta limits. Financial investment-related market risks as well as interest and foreign exchange risks related to the balance sheet are monitored on a monthly basis by making comparisons with the overall RWA limit. A profit and loss statement is produced daily to monitor the liquid financial assets of the trading and banking book. The identified risks and financial results are communicated to the Asset and Liability Committee and Executive Board on a monthly basis and the Risk Committee of the Board of Directors on a quarterly basis.

Liquidity risks

The Treasury function monitors liquidity risks in line with the regulatory framework and ensures that the Company is able to fulfill all of its liquidity requirements. This is done through diversified refinancing and in matching currencies and maturities. Liquidity management is in the responsibility of the Asset and Liability Committee.

Operational risks

Day-to-day business is regulated by internal policies. The Reconciliations and Investigations department monitors the open positions in cash, securities and derivative financial instruments. Internal and sub-ledger accounts are monitored regularly. All identified losses are documented and analysed. Moreover, in order to record, monitor and control operational risk, the Bank has set up a committee to identify and analyse the Bank's core processes and ensure that these are described and controlled via the department heads. The risk inventory of the key processes is reviewed periodically and contains information about how likely it is that these events will occur and their estimated impact. The Internal Audit department regularly reviews the effectiveness of the internal controls as part of its normal auditing activities and reports directly to the Board of Directors.

Compliance and legal risks

The internal Legal & Compliance unit, under the leadership of the General Counsel, incorporates Legal Services and the Compliance function. In accordance with international banking regulations, the Company maintains a Compliance function that in the year under review has an established inventory of the compliance risks and a risk-oriented action plan. The unit is independent of income-oriented business activities and has an unlimited right to information, access and scrutiny. It reports directly to the Chief Operating Officer. The compliance-related activities comprise in particular the provision of support and advice to the Company in order to ensure that its business activities are in accordance with regulatory provisions and the due diligence obligations of a financial intermediary. This unit is also responsible for monitoring the requirements and developments coming from the regulatory authority, the legislature or other organisations. An IT application that identifies unusual transactions is used to ensure compliance with money laundering regulations. The responsibilities and measures relating to compliance with money laundering regulations are clearly defined and are monitored by the Legal & Compliance department. Other key responsibilities include the provision of relevant training and information to members of staff at all levels. Legal & Compliance is also responsible for recording, processing and monitoring pending legal proceedings.

Outsourcing

Orratum Bank PLC. has outsourced the printing, packaging and mailing of various client documents (e. g. account statements, tax statements) to external service providers worldwide. As of January 2014 the operation, maintenance and support relating to the core bank application as well as various other peripheral systems is assured by a specialised service provider "ORRASys". The abovementioned outsourcing is based on contractual arrangements that comply with the requirements set out in the Bank Regulations as well as the requirements of local regulators for the respective locations. No other essential business sectors or business activities are outsourced.

Disclosure in accordance with capital adequacy regulations

Eligible and required capital of the Company

Events after the balance sheet date

No events that would adversely affect the financial statements included in this report occurred after the balance sheet date.

In GBP (£)	30.11.2014
Gross core capital	239,100,000
Components to be deducted from core capital	-6,400,000
Eligible core capital	232,700,000
Supplementary capital and additional capital	28,200,000
Other deductions from total capital	-20,200,000
Eligible capital	240,700,000
Credit risk (UK comprehensive approach)	43,300,000
Of which price risk relating to equity-type securities in the banking book	3,600,000
Non-counterparty-related risks (UK standardised approach)	2,300,000
Market risk (UK standardised approach)	10,600,000
Operational risk (basic indicator approach)	13,400,000
Deductions from required equity capital	-1,000,000
Required capital	68,600,000
Capital surplus	172,100,000
Capital adequacy ratio (CAR)*	28.07%

Accounting policies and valuation principles

Basis

The financial statements of Orratum Bank PLC the Group and the Company have been prepared in accordance with the provisions of The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

These financial statements, which are based on the accounting policies outlined below, give a true and fair view of the financial position of the Company and the results of its operations. A statement of cash flow is not required as the Bank does not actively engage in significant balance sheet activities.

Scope of consolidation

The financial statements comprise the financial statements of the Bank and the subsidiaries that are controlled by the Bank, either directly or indirectly, through the ownership of more than 50 % of the voting rights or through other means.

Method of consolidation

Businesses, which the Company controls either directly or indirectly, are included in the Company accounts according to the principle of full consolidation. The consolidation of capital is based on the purchase method. Participations, where minority interests exist, are also fully. The respective minority interest in the equity and net profit are disclosed separately. Newly acquired subsidiaries are as from the time when control over them passes to the Company. Subsidiaries that are sold are until the sales transaction is finalised, if the revenues and expenses of these subsidiaries have a significant impact on the Company.

Interim profits and the effects of intra-Group transactions are eliminated when the Company accounts are being prepared.

Recording of business transactions

All transactions are recorded in the Company's balance sheet on a trade date basis, except for forward transactions, which are reported from the trade date as off-balance sheet items and from the settlement date in the balance sheet. All transactions are valued from the trade date onward.

Translation of foreign currencies

Transactions in foreign currencies are translated into British Pound at daily exchange rates. Foreign currency positions, with the exception of participations, are converted into British Pound at the average exchange rates prevailing at the year-end closing date. Resulting conversion profits and losses are included in the "net result from trading operations". Participations in foreign currencies are valued at the exchange rates prevailing at the time of acquisition or creation. In the event of a decline in the value of such an investment, giving due account also to the fluctuation of exchange rates, a valuation adjustment is made. Assets, liabilities, costs and revenues of the Company maintaining its books in a foreign currency, are translated into British Pound at the average exchange rate prevailing at the year-end closing date. Exchange differences resulting from this translation are either debited or credited to profit reserves. Exchange differences of GBP (£) 37,000 were credited to profit reserves in 2014.

For the foreign exchange conversions, the following rates were applied (major foreign currencies only):

	2014
USD	1.2878
EUR	1.1975
HKD	9.8789
JPY	144.45

General valuation principle

Each item stated in the balance sheet is valued individually.

Cash, money market papers, amounts due from and due to banks, amounts due to customers.

Cash and amounts due from and due to banks, as well as amounts due to customers, are stated at their nominal value less individual valuation adjustments for doubtful receivables. Money market papers are valued at amortised costs.

Loans (amounts due from clients and mortgage loans)

Overdue receivables and receivables at risk, including off- balance sheet transactions, are valued on an individual basis and potential reductions in value are covered by corresponding provisions. Loans are considered overdue when the contractually agreed repayment of capital and/or payment of interest is outstanding for more than 90 days. Overdue interest and interest at risk are not considered in the income statement. Interest is no longer calculated if the recovery of the interest is doubtful.

The reduction in value is established as the difference between the book value of the receivable and the expected recoverable amount, taking into account counterparty risk and the possible net proceeds from the liquidation of pledged assets. If it is likely that the process of liquidation of pledged assets will take more than one year, the estimated net proceeds are discounted to the balance sheet date.

Valuation adjustments are reported as liabilities in the balance sheet position "valuation adjustments and provisions".

When a loan is considered partly or entirely irrecoverable or when a waiver of debt repayment has been granted, the debt is written off against the corresponding provision. Recoveries on loans previously written off are directly credited to the account "provisions for credit risk".

Securities and precious metals held for trading purposes

Securities and precious metals held for trading purposes are, in principle, stated at their fair values. Usually, fair values equal the market prices at which the securities or precious metals are traded or offered on a recognised stock exchange or a representative financial market at the balance sheet closing date. Exceptionally, if no fair value is available, the security or precious metal is stated at the lower of cost or market value.

Valuation differences between the balance sheet date and the transaction date are credited or debited to "net result from trading operations". Interest and dividend income from trading positions are shown as part of "interest and dividend income" (see Changes in accounting and valuation principles).

Financial investments

Shares, investment fund units and other equity-related papers, as well as convertible bonds, and warrant-linked bonds outside the trading portfolio are stated at the lower of cost or market value. Valuation adjustments are booked on a net basis to "other ordinary expenses" or "other ordinary income". Valuation increases up to the purchase price are recognised, if the market price was lower than the purchase price and subsequently recovers. If there is no liquid market for a particular security, the fair value is determined by using a prudent approach.

Fixed-income instruments intended to be held until maturity are valued according to the accrual method. Premiums and discounts on these securities are added to the nominal value and are amortised over the remaining life of the investment. Realised gains or losses from an early sale or redemption of such investments are amortised over their remaining life, i. e. until the original maturity.

Specific provisions are made in the case of identifiable credit risks and are reflected in the position "valuation adjustments and provisions".

Non-Consolidated participations

Where the Company controls between 20–50 % of the voting shares of a company and the participation has a significant impact on the Company's accounts, it is included in the financial statements according to the equity method. Under the equity method, the Company's share in the equity of the acquired company is shown under "participations" and the share in the net profit as "income from participations".

Where the Company controls less than 20 % of the voting shares of a company or if the company does not have a significant impact on the Company's accounts, the participation is stated in accordance with the lower of cost or market principle.

Securities lending and borrowing

Borrowed securities or securities that have been received as collateral are recorded in the balance sheet only if the Company obtains the economic power over the rights attached to the securities. Lent securities or securities given as collateral are only removed from the balance sheet only if the Company gives up the economic power over the rights attached to the securities.

Collateral given for borrowed securities or received for lent securities is stated in the balance sheet at book value.

Received or paid charges from securities lending and borrowing and repurchase transactions are recorded as "interest income" or "interest expense" in accordance with the accrual/ deferral method.

Tangible fixed assets

Tangible fixed assets are initially reported at cost and depreciated using the straight-line method over their estimated useful lives. Minor acquisitions that do not constitute added value for the Company are charged directly to operating expenses. An annual evaluation for signs of impairment is carried out. In the event that this evaluation results in a reduction of the estimated useful life of the asset or a decline in value, the residual book value is depreciated over the reduced estimated useful life or an extraordinary amortisation for impairment is booked. All depreciation is booked through the income statement. Should the asset subsequently recover its value, a corresponding appreciation is booked.

The estimated useful life for the following categories of tangible fixed assets is:

Improvements to rented buildings	Duration of rental contract
Software	4 years
Other fixed assets:	
Furniture, cars	4 years
Hardware and communication devices	4 years

Realised profits or losses on the sale of fixed assets are booked as extraordinary profits or losses.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquired net assets of a company or part of a company over their value at the date of purchase, according to the Company's valuation principles. The purchase of client assets from an institution also falls under this definition. Goodwill is recognised as an asset and is amortised through the income statement over its estimated useful life. If the useful life cannot be clearly determined, the amortisation is usually carried out over a period of five years. An annual evaluation for signs of impairment is carried out. In the event that this evaluation results in a reduction of the estimated useful life or a decline in value, the residual book value is depreciated over the reduced estimated useful life or an extraordinary amortisation is booked.

Other intangible assets (incl. capitalised project costs)

Other intangible assets are capitalised if they will bring an identifiable future economic benefit to the Bank. Internally generated intangible assets are capitalised only if the following criteria are met cumulatively:

- The intangible asset is clearly identifiable and fully controlled by the entity.
- The costs of the asset can be measured reliably. However, only external expenses are recognised.
- It is probable that the necessary resources will be available until completion.

Other intangible assets include consultancy costs relating to projects that are capitalisable according to the previously mentioned criteria. Other intangible assets are capitalised only when the purchase price exceeds the threshold of GBP (£) 150 000 per project. When the purchase price or the expenses for internally generated intangible assets are below this threshold, the respective intangible asset is recognised as an expense when incurred.

Other intangible assets are valued at purchase price and are depreciated over their estimated useful lives, with a maximum of 10 years, through the income statement, using the straight-line method. Depreciation begins for internally generated intangible assets once they start generating economic benefits.

An annual evaluation for signs of impairment is carried out. In the event that this evaluation results in a reduction of the estimated useful life or a decline in value, the residual book value is depreciated over the reduced estimated useful life or an impairment is booked.

Liabilities from pension plans

Orratum Bank Group maintains pension plans for its staff, in accordance with the requirements of local laws. The Company bears the cost of the pension plans for its staff and, in the event of death, its legal successors, in compliance with local requirements and laws. The underlying liabilities of the pension plans, as well as the assets providing coverage, are outsourced to legally independent foundations. Organisation, funding and management of the pension plans conform with the local legal requirements, the deeds of the foundations, and the governing regulations of the pension plans. All pension plans of Orratum Bank are defined contribution plans. The employer's contributions to these pension plans are accrued under "personnel expenses".

Orratum Bank PLC applies the principles, Annual revaluations and recalculations are performed to ascertain whether there are economic benefits or liabilities for the Company resulting from pension plans. The basis for this assessment includes contracts, annual financial statements of the pension plans, prepared accordingly, and other calculations that reflect the financial situation as well as the existing excess or shortage for each pension plan. Orratum Bank PLC engages a pension expert in order to assess whether economic benefits or liabilities exist.

The resulting economic benefits and/or liabilities are re-corded in the balance sheet. Changes in value versus the previous year are recognised in the income statement under "personnel expenses".

Results from commission and fee activities

Income and expenses from commission and fee activities are in principle reported on a gross basis. As an exception, retrocessions and consulting fees payable that were agreed in advance in writing and are calculated on the same basis as the commissions receivable are reported on a net basis.

Taxes

Recurring taxes

Recurring taxes are generally annual taxes payable on the profit and the capital. These taxes are based on the net profit, calculated in accordance with the local tax regulations, and reported as an expense in the profit and loss statement in the period for which the corresponding profit has occurred.

Tax liabilities due, based on the current net profit and the capital as per balance sheet date, are reflected under "accrued expenses". If the sum of prepaid taxes exceeds the sum of the calculated tax liabilities, the surplus amount is reflected under "prepaid expenses".

No liability to UK corporation tax arose on ordinary activities for the period ended 30 November 2014.

Deferred taxes

The tax impact deriving from timing differences between the values of assets and liabilities reported in the Company's balance sheet and their tax values is taken into account by reflecting this deferred tax liability under "provisions and valuation adjustments".

Potential tax receivables resulting from timing differences or losses carried forward are capitalised when it is likely that sufficient future taxable profits can be offset against these timing differences or losses carried forward. Potential tax liabilities and receivables are set off against each other only if they relate to the same tax subject and the same tax jurisdiction and the offset is enforceable by law. Changes to the provision for deferred taxes are booked to "taxes" (increase) or "extraordinary income" (decrease) on the profit and loss statement.

The calculation is based on an adequate, estimated average tax rate, which is disclosed in the notes.

Valuation adjustments and provisions

Provisions and valuation adjustments are made for all recognisable risks at the balance sheet date. A provision for operational risks is reflected in the position "valuation adjustments and provisions for other business risks". Provisions that are no longer required are released through "extraordinary income" on the profit and loss statement.

Contingent liabilities and irrevocable commitments

Contingent liabilities and irrevocable commitments are reported at nominal value as off-balance sheet items. Specific provisions are made for identifiable loss risks and are reflected in the position "valuation adjustments and provisions."

Derivative financial instruments

Trading transactions

Positive and negative replacement values arising from derivative financial instruments are stated at their fair value and are recorded under "other assets" and "other liabilities" respectively. The fair value is primarily based on market prices. If no market prices are available, the value is determined through discounted cash-flow or option pricing models.

Positive and negative replacement values are not set off against each other. Traded options and warrants bought for clients on a commission basis are not included in the financial statements.

Realised and unrealised profits and losses from trading activity are reflected under "result from trading operations".

Hedging transactions

Hedging transactions are subject to the same valuation principles as the underlying transactions they hedge. The profit due to hedging is attributed to the same profit and loss account as the corresponding profit or loss from the underlying hedged transaction. Unrealised profits and losses from such transactions are booked to a compensation account on the balance sheet. Realised profits or losses due to the early disposal of or closing of hedging positions are amortised over the period from when the disposal or closing occurred until the maturity date of the hedged underlying transaction.

Hedging relations, targets and strategies of hedging activities are documented by the Company at the time when such transactions are made. The effectiveness of hedging relations is monitored on a regular basis. Hedging transactions are fully or partially treated as trading transactions the moment the hedging relations are no longer entirely or partially effective.

Changes in accounting policies and valuation principles

The accounting policies and valuation principles have been changed in the following respects compared with the previous year:

Interest and dividend income from trading positions are now shown as part of "net result from interest activities" (position "interest and dividend income on securities held for trading").

SUBSIDIARIES AND SIGNIFICANT PARTICIPATIONS

Note 1 – Consolidated Participations and Significant Participations

Company name	Business activity	Capital	Share 2014 in %
Fully Consolidated subsidiaries			
Orratum Fund Management	Fund management	2,411,000 EUR	100
Orratum Finance	Asset management	20,000,000 GBP (£)	100
Orratum Holding	Financial services	2,500,000 GBP (£)	100
Orratum Arbitrator	Financial Agent (Broker)	100,000 GBP (£)	100
Orratum	Payment Institution	500,001 GBP (£)	100
Orratum Group	Financial Investments	10,000,000 GBP (£)	55
Minority interests			
Petroleum Bank	Bank	30,000,000 GBP (£)	49

* Orratum Bank holds a 49% interest in Petroleum Bank. In a separate agreement with the majority shareholder, it was agreed that all rights and duties of the majority shareholder in this company are to be assigned to Orratum Bank, thus giving Orratum Bank 100% control of the company.

For further changes in the significant participations please refer to the description of business activities.

CONSOLIDATED BALANCE SHEET INFORMATION

Note 2 – Collateral for Loans and Off-Balance Sheet Items

in GBP (£)	Secured by mortgages	Secured by other collateral	Unsecured	Total
Loans and advances				
Due from customers	0	958,073,000	308,543,000	1,266,616,000
Mortgage loans	1,819,000	0	0	1,819,000
Total loans and advances 30 Nov 2014	1,819,000	958,073,000	308,543,000	1,268,435,000
Total loans and advances 01 Dec 2013	12,842,000	1,003,224,000	247,667,000	1,263,733,000
Off-balance sheet items				
Contingent liabilities	0	8,402,000	4	8,406,000
Irrevocable commitments	22,875,000	0	2,058,000	24,933,000
Total off-balance sheet items 30 Nov 2014	22,875,000	8,402,000	2,062,000	33,339,000
Total off-balance sheet items 01 Dec 2013	23,375,000	7,257,000	2,077,000	32,709,000

in GBP (£)	Gross amount due	Estimated liquidation proceeds from collateral	Net amount due	Individual valuation adjustments
Receivables at 30 Nov 2014	25,445,000	9,245,000	16,200,000	16,200,000
Receivables at 01 Dec 2013	21,971,000	0	21,971,000	21,971,000

Note 3a – Securities and Precious Metals Held for Trading Purposes

in GBP (£)	2014
Quoted interest bearing securities	261,039,000
Non-quoted interest bearing securities	82,473,000
Equities and mutual funds	240,000
Precious metals	991,000
Total securities and precious metals held for trading purposes	344,743,000
thereof, securities which are rediscountable with the Banks	296,728,000

Note 3b – Financial Investments

in GBP (£)	Book value 2014	Fair Value 2014
Interest bearing securities held to maturity	0	0
Debt securities reported at the lower of cost or market	0	0
Equities and mutual funds	11,687,000	12,744,000
Total financial investments	11,687,000	12,744,000
thereof, securities which are rediscountable with the Banks	0	0

Note 3c – Participations

in GBP (£)	2014
Quoted	0
Non-quoted	20,188,000
Total participations	20,188,000

Note 4 – Movements in Non-Consolidated Participations, Tangible Fixed Assets and Intangible Assets

in GBP (£)	Historical costs	Accumulated depreciation	Net book value as of 01.12.13	Transfers 2014	Additions 2014	Disposals 2014	Depreciation 2014	Valuation adjustment of participations valued by the equity method	Net book value as of 31.11.14
Participations									
Valued according to the equity method	14,875,000	4,451,000	19,326,000	0	0	0	0	0	19,326,000
Other	1,089,000	-203,000	886,000	0	0	-6,000	-18,000	0	862,000
Total participations	15,964,000	4,248,000	20,212,000	0	0	-6,000	-18,000	0	20,188,000
Tangible fixed assets									
Leasehold improvements	18,833,000	-15,927,000	2,906,000	78,000	0	0	-1,455,000	0	1,529,000
Software	10,116,000	-9,267,000	849,000	5,000	1,147,000	-78,000	-185,000	0	1,738,000
Other fixed assets	37,093,000	-35,604,000	1,489,000	-83,000	952,000	-272,000	-783,000	0	1,303,000
Total tangible fixed assets	66,042,000	-60,798,000	5,244,000	0	2,099,000	-350,000	-2,423,000	0	4,570,000
Intangible assets									
Goodwill	0	0	0	0	0	0	0	0	0
Capitalised project costs	0	0	0	0	6,401,000	0	0	0	6,401,000
Total intangible assets	0	0	0	0	6,401,000	0	0	0	6,401,000

The GBP (£) 6.4 million of capitalised project costs are external costs relating to the transition to a new core-banking software.

The write-downs will begin simultaneously with the completion of the project in 2015.

Fire insurance value for fixed assets	10,450,000
Commitments from future leasing payments	410,000

Note 5 – Loans and Advances to Affiliated Entities and to Members of the Bank's Statutory Bodies and Significant Shareholders

InGBP (£)	2014	
	Due from	Due to
Affiliated companies	0	0
Members of the bank's statutory bodies and significant shareholders	450,000	0

Related Party Transactions

The line item Due to non- Group companies and significant shareholders in the amount of GBP (£) 120.5 million consists mainly of a time deposit of the ultimate parent company of GBP (£) 91.5 million and the parent company's subordinated loan in the amount of GBP (£) 28.2 million.

As of 30 Nov 2014, there were no items due to or from related parties.

The loans to members of the Bank's statutory bodies and significant shareholders are granted on standard loan-to-value terms. Special interest rates for employees apply. All transactions with related parties, with the exception of loans to members of the Bank's statutory bodies and significant shareholders, were executed on the same conditions as would apply for third parties.

Note 6a – Assets Pledged or Assigned as Collateral for own Liabilities and Assets under Reservation of Title

InGBP (£)	2014	
	Book value of assets	Actual commitments
Pledged assets		
Money market papers	0	0
Due from banks	686,000	0
Securities and precious metals held for trading purposes	49,100,000	70,650,000
Financial investments	0	0
Total pledged assets	49,786,000	70, 650,000

Note 6b – Liabilities to own Pension and Welfare Plans

InGBP (£)	2014
Other amounts due to customers	1,991,000
Total commitments to own pension and welfare plans	1,991,000

Note 6c – Information about Own Pension Plans

in GBP (£)			Nominal value as of 30.11.14	Balance as of 30.11.14	Balance as of 30.11.14	Result in personnel expenses 2014
Employer contribution reserves						
Orratum foundation of Orratum Bank			5,710,000	5,710,000	7,114,000	-1,406,000
in GBP (£)	Excess/ shortage as of 30.11.14	Benefit to the bank as of 30.11.14	Benefit to the bank as of 01.12.13	Impact on income statement as of 30.11.14	Accrued expenses as of 30.11.14	Cost of retirement benefits 2014
Economic benefit						
Orratum foundation	0	0	0	0	0	-2,837,000

All employees of the Orratum Bank who work globally and have completed their 3rd year of age are insured with the Orratum foundation of Orratum Bank. Employees with fixed term contracts not exceeding 3 months are not included. The pension fund is a defined contribution plan.

Employer contribution reserves

The employer contribution reserves equal the nominal value shown in the financial statements of the pension fund. They are reported under "other assets". There is a valuation adjustment of GBP (£) 1.1 million for the case of a possible waiver of usage due to an under coverage. In addition, employer contribution reserves of GBP (£) 1.4 million were used to pay insurance premiums. Any discount effect is disregarded and no interest is applied.

Economic benefit/liability arising from excess/shortage

As of 30 Nov 2014, the pension fund had a coverage ratio of 106.7%; the Bank itself, however, has no economic benefit or obligation.

Foreign pension plans

In view of their size, the foreign pension plans are negligible for the Company as a whole. They have neither a shortage nor a surplus.

Note 6d – Securities Lending and Repurchase Transactions

in GBP (£)	2014
Claims from cash deposits relating to securities borrowing and reverse repurchase transactions	0
Obligations from cash deposits relating to securities lending and repurchase transactions	0
Securities in own possession relating to securities lent out (securities lending) or securities deposited as collateral (securities borrowing) and securities transferred (repurchase transactions)	0
Of which securities for which unrestricted rights to sell or pledge have been granted	0
Securities received as collateral (securities lending) or securities borrowed (securities borrowing) or securities received (reverse repurchase transactions) for which unrestricted rights to sell or pledge have been granted	0
Of which sold or pledged	0

Note 7 – Valuation Adjustments, Provisions and Reserves for General Banking Risks

in GBP (£)	Balance as of 01.12.13	Used as Intended	Recoveries, doubtful interests and forex differences	New creation charged to profit and loss account	Reversals credited to profit and loss account	Change in scope of consolidation	Balance as of 30.11.14
Valuation adjustments and provisions for identifiable loan losses and other risks							
Valuation adjustments and provisions for identifiable loan losses (credit and country risks)	21,971,000	-11,082,000	-247,000	11,442,000	-5,884,000	0	16,200,000
Valuation adjustments and provisions for other business risks	2,164,000	-1,182,000	1,000	1,740,000	0	0	2,723,000
Restructuring provisions	131,000	-120,000	-11,000	0	0	0	0
Valuation adjustment employer contribution reserves	1,055,000	0	0	0	0	0	1,055,000
Total valuation adjustments and provisions as per balance sheet	25,321,000	-12,384,000	-257,000	13,182,000	-5,884,000	0	19,978,000
Reserves for general banking risks (taxed)	3,000,000	0	0	0	0	0	3,000,000

The valuation adjustments and provisions for identifiable loan losses include individual valuation adjustments on credit positions of GBP (£) 16.2 million, which were established in accordance with the accounting policies and valuation principles.

The valuation adjustments and provisions for other business risks contain provisions for legal risks of GBP (£) 1.8 million and provisions for operational risks of GBP (£) 0.9 million. Each case is assessed individually. The amount of the provisions is based on the maximum presumed loss that would arise, taking into consideration the probability of occurrence, for each event.

Note 8 – Statement of Changes in Shareholders' Equity

in GBP (£)	
Shareholders' equity as of 30.11.2014	
Share capital	120,000,000
Profit reserve	53,644,000
Reserves for general banking risks	3,000,000
Minority interest	419,000
net profit from income generated outside the U.K.	10,559,000
Total shareholders' equity as of 30.11.2014 (before appropriation of profit)	187,622,000
Dividend payment	0
Dividend payment to minority shareholders	-630,000
net profit 2014 from income generated outside the U.K.	52,122,000
Foreign currency translation adjustment	37,000
Total shareholders' equity as of 30.11.2014 (before appropriation of profit)	239,151,000
of which	
- Share capital	120,000,000
- Profit reserve	63,607,000
- Reserves for general banking risks	3,000,000
- Minority interest	422,000
- net profit from income generated outside the U.K.	52,122,000

The profit reserve contains non-distributable legal reserves of GBP (£) 21 million

Note 9a – Maturity Structure of Current Assets and Liabilities

In GBP (£)	On demand	Subject to notice	Due within 3 months	Due from 3 months up to 12 months	Due from 12 months up to 5 years	Due from 5 years	Total
Current assets							
Cash	55,035,000	0	0	0	0	0	55,035,000
Money market papers	31,536,000	0	0	0	0	0	31,536,000
Due from banks	181,595,000	0	0	0	0	0	181,595,000
Due from customers	0	35,112,000	1,073,653,000	154,435,000	3,416,000	0	1,266,616,000
Mortgage loans	0	569,000	0	1,250,000	0	0	1,819,000
Securities and precious metals held for trading purposes	1,232,000	0	34,009,000	99,764,000	176,820,000	32,918,000	344,743,000
Financial investments	11,687,000	0	0	0	0	0	11,687,000
Total current assets as of 30.11.2014	281,085,000	35,681,000	1,107,662,000	255,449,000	180,236,000	32,918,000	1,893,031,000
Total current assets as of 01-12-2013	687,761,000	131,837,000	889,711,000	232,494,000	9,691,000	0	1,951,494,000
Liabilities							
Money market papers	0	0	357,000	0	0	0	357,000
Due to banks	65,898,000	0	10,030,000	0	39,345,000	0	115,273,000
Due to customers with savings and deposit accounts	0	0	0	0	0	0	0
Other amounts due to customers	996,951,000	0	320,295,000	200,200,000	0	28,150,000	1,545,596,000
Total liabilities as of 30.11.2014	1,062,849,000	0	330,682,000	200,200,000	39,345,000	28,150,000	1,661,226,000
Total liabilities as of 01-12-2013	1,044,171,000	0	419,228,000	232,866,000	40,205,000	28,150,000	1,764,620,000

Note 9b – Assets and Liabilities by Territory and Rest-of-World (RoW)

in GBP (£)	2014	
	Europe	RoW
Assets		
Cash	49,744,000	5,291,000
Money market papers	0	31,536,000
Due from banks	71,995,000	109,600,000
Due from customers	41,469,000	1,225,147,000
Mortgage loans	569,000	1,250,000
Securities and precious metals held for trading purposes	19,519,000	325,224,000
Financial investments	6,311,000	5,376,000
Participations	20,188,000	0
Tangible fixed assets	4,567,000	3,000
Intangible assets	6,401,000	0
Accrued income and prepaid expenses	5,279,000	11,353,000
Other assets	25,696,000	2,043,000
Total assets	251,738,000	1,716,823,000
Liabilities and shareholders' equity		
Money market papers	357,000	0
Due to banks	21,922,000	93,351,000
Due to customers with savings and deposit accounts	0	0
Other amounts due to customers	649,931,000	895,665,000
Accrued expenses and deferred income	23,664,000	3,064,000
Other liabilities	20,699,000	779,000
Valuation adjustments and provisions	19,978,000	0
Reserves for general banking risks	3,000,000	0
Share capital	120,000,000	0
Profit reserve	60,909,000	2,698,000
Minority interest in shareholders' equity	422,000	0
net profit	51,391,000	731,000
of which minority interest	821,000	0
Total liabilities and shareholders' equity	972,273,000	996,288,000

Note 9c – Assets by Country and Region

in GBP (£)	2014	
	Amount	Share in %
Europe		
- Switzerland	251,737,000	12
- Germany	80,197,000	4
- Hong Kong	32,438,000	2
- Singapore	67,065,000	3
- Italy	21,605,000	1
- Spain	897,000	0
- Luxembourg	11,996,000	1
- Netherlands	98,491,000	5
- Belgium	811,000	0
- Austria	20,775,000	1
- Other	187,519,000	10
North America	263,118,000	13
South America	28,782,000	1
Oceania	71,363,000	4
Asia	820,909,000	42
Africa	10,858,000	1
Total assets	1,968,561,00	100

Note 9d – Assets and Liabilities by Major Currencies

Converted in GBP (£)	GBP (£)	EUR	USD	Other	Total
Assets					
Cash	48,718,000	1,941,000	101,000	4,275,000	55,035,000
Money market papers	0	0	0	31,536,000	31,536,000
Due from banks	61,631,000	31,370,000	33,387,000	55,207,000	181,595,000
Due from customers	84,958,000	198,546,000	885,035,000	98,077,000	1,266,616,000
Mortgage loans	1,819,000	0	0	0	1,819,000
Securities and precious metals held for trading purposes	310,108,000	8,341,000	22,537,000	3,757,000	344,743,000
Financial investments	139,000	6,297,000	5,209,000	42,000	11,687,000
Participations	20,188,000	0	0	0	20,188,000
Tangible fixed assets	4,567,000	0	0	3,000	4,570,000
Intangible assets	6,401,000	0	0	0	6,401,000
Accrued income and prepaid expenses	6,919,000	2,524,000	6,516,000	673,000	16,632,000
Other assets	25,520,000	750,000	15,000	1,455,000	27,740,000
Total on-balance sheet assets	570,968,000	249,769,000	952,800,000	195,025,000	1,968,562,000
Delivery claims from foreign exchange spot, forward and option transactions (net)	307,611,000	293,430,000	383,790,000	190,451,000	1,175,282,000
Total assets	878,579,000	543,199,000	1,336,590,000	385,476,000	3,143,844,000
Liabilities and shareholders' equity					
Money market papers	43,000	10,000	303,000	1,000	357,000
Due to banks	12,450,000	6,069,000	85,208,000	11,546,000	115,273,000
Due to customers with savings and deposit accounts	0	0	0	0	0
Other amounts due to customers	312,551,000	271,837,000	766,624,000	194,584,000	1,545,596,000
Accrued expenses and deferred income	20,354,000	3,815,000	1,890,000	669,000	26,728,000
Other liabilities	20,573,000	155,000	24,000	727,000	21,479,000
Valuation adjustments and provisions	5,225,000	8,303,000	6,450,000	0	19,978,000
Reserves for general banking risks	3,000,000	0	0	0	3,000,000
Share capital	120,000,000	0	0	0	120,000,000
Profit reserve	63,607,000	0	0	0	63,607,000
Minority interest in shareholders' equity	422,000	0	0	0	422,000
Consolidated net profit	52,122,000	0	0	0	52,122,000
of which minority interest	821,000	0	0	0	821,000
Total on-balance sheet liabilities and shareholders' equity	610,347,000	290,189,000	860,499,000	207,527,000	1,968,562,000
Delivery obligations from foreign exchange spot, forward and option transactions (net)	272,760,000	248,406,000	472,647,000	179,573,000	1,173,386,000
Total liabilities and shareholders' equity	883,107,000	538,595,000	1,333,146,000	387,100,000	3,141,948,000
Net position per currency	-4,528,000	4,604,000	3,444,000	-1,624,000	

NOTE 10 – OTHER ASSETS AND LIABILITIES

In GBP (£)

2014

Other assets Other liabilities

Replacement values of derivatives

Contracts as principal

– proprietary positions relating to trading

18,205,000 16,309,000

– proprietary positions relating to hedges

0 1,795,000

Contracts with clients on a bank-to-bank basis

1,061,000 1,061,000

Compensation account

0 0

Employer contribution reserves to pension funds

5,710,000 0

Other assets and liabilities

2,764,000 2,314,000

Total other assets and liabilities

27,740,000 21,479,000

CONSOLIDATED OFF-BALANCE SHEET ITEMS

Note 11a – Classification of Contingent Liabilities

In GBP (£)	2014
Credit guarantees	2,504,000
Performance guarantees	3,771,000
Guarantees for fund subscriptions	2,131,000
Total contingent liabilities	8,406,000

Note 11b – Classification of Outstanding Derivative Instruments

In GBP (£)	Trading Instruments			Hedging Instruments		
	Positive replacement value	Negative replacement value	Contract volume	Positive replacement value	Negative replacement value	Contract volume
Interest rate instruments						
Forward contracts incl. FRAs	0	0	0	0	0	0
Swaps	0	0	0	0	1,795,000	50,000,000
Futures	15,000	15,000	12,310,000	0	0	0
Options (OTC)	0	0	0	0	0	0
Foreign exchange instruments						
Forward contracts	17,862,000	16,017,000	1,133,829,000	0	0	0
Futures	244,000	244,000	26,865,000	0	0	0
Options (OTC)	13,000	13,000	14,302,000	0	0	0
Precious metal instruments						
Forward contracts	51,000	0	601,000	0	0	0
Futures	0	0	0	0	0	0
Options (OTC)	20,000	20,000	1,056,000	0	0	0
Equities and Indices instruments						
Forwards (OTC)	0	0	0	0	0	0
Futures	193,000	193,000	22,379,000	0	0	0
Options (traded)	0	0	0	0	0	0
Options (OTC)	868,000	868,000	22,574,000	0	0	0
Other						
Futures	0	0	0	0	0	0
Total before consideration of netting agreements 30/11/14	19,266,000	17,370,000	1,233,916,00	0	1,795,000	50,000,000
Total before consideration of netting agreements 01-12-2013	31,136,000	31,633,000	2,273,236,000	0	0	0
In GBP (£)				Accumulated positive replacement values	Accumulated negative replacement values	
Total after consideration of netting agreements as of 30-11-2014				19,266,000	19,165,000	
Total after consideration of netting agreements as of 01-12-2013				31,136,000	31,633,000	

Note 11c – Classification of Outstanding Derivative Instruments by Counterparties

in GBP (£)	2014		
	Positive replacement value	Negative replacement value	Contract volume
Banks and brokers	16,955,000	13,287,000	971,881,000
Customers	2,311,000	5,878,000	312,035,000
Total outstanding derivative instruments by	19,266,000	19,165,000	1,283,916,00

Note 11d – Fiduciary Items

in GBP (£)	GBP (£)	USD	EUR	Other	Total
Fiduciary placements with third parties	0	205,582,000	34,865,000	111,723,000	352,170,000
Fiduciary loans	0	152,805,000	174,484,000	196,397,000	523,686,000
Total fiduciary items as of 30-11-2014	0	358,387,000	209,349,000	308,120,000	875,856,000
Total fiduciary items as of 01-12-2013	2,095,000	200,957,000	90,042,000	358,750,000	651,844,000

Note 12 – Client Assets

in GBP (£)	2014
Own managed mutual funds	1,060,000,000
Third-party managed private label funds (the Bank is custodian and fund administrator)	101,000,000
Assets with discretionary mandates	612,000,000
Other client assets	10,371,000,000
Total client assets (double counting incl.)	12,144,000,00
of which	
– double counting	158,000,000
– net new assets inflow/outflow	664,000,000

The Company has no client assets that are held for custody only. For all of the assets listed above, additional services are provided, which go beyond pure custody services. For the evaluation of the net new assets inflow/outflow all types of transactions are coded in the core banking system in such a way that every transaction can be identified as either a cash inflow or outflow.

The total net inflow or outflow is determined on the basis of reports from the core banking system. Interests, commissions and fees charged to clients are components of the performance and are not considered as outflow.

The net in- or outflow from assets not under custody with the Company are not included in the net inflow of GBP (£) 664 million reported in 2014.

Of the assets under custody with third parties, GBP (£) 1906 million are related to client assets held by Petroleum Bank, of which Orratum Bank holds a participation of 49%. The client assets considered in this note equal 49% of the total client's assets reported by Petroleum Bank.

CONSOLIDATED PROFIT AND LOSS ACCOUNT INFORMATION

Note 13a – Net Result from Trading Operations

In GBP (£)	2014
Net income from debt securities and interest futures	13,664,000
Net income from foreign currency trading	7,509,000
Net income from precious metal trading	239,000
Net income from shares and other equity related instruments	249,000
Total net result from trading operations	21,661,000

Note 13b – Personnel Expenses

In GBP (£)	2014
Salaries	-50,191,000
Social security contributions	-5,659,000
Other personnel expenses	-4,348,000
Total personnel expenses	-60,198,000

Note 13c – Other Operating Expenses

In GBP (£)	2014
Occupancy expenses	-7,901,000
Information technology, furniture, vehicles, and other equipment	-6,626,000
Travel and entertainment	-2,250,000
Consulting and service fees	-12,636,000
Other expenses	-18,670,000
Total other operating expenses	-48,083,000

Note 13d – Extraordinary Income and Expenses

The extraordinary income of GBP (£) 59.1 million consists largely of two cash contributions from Orratum Holding.

Note 13e – Income and Expenses from Ordinary Banking Activities

in GBP (£)	2014	
	Europe	RoW
Results from interest activities		
Interest and discount income	25,113,000	16,146,000
Interest and dividend income on securities held for trading	7,341,000	1,345,000
Interest and dividend income on financial investments	661,000	666,000
Interest expenses	-2,052,000	-11,662,000
Net result from interest activities	31,063,000	6,495,000
Results from commission and fee activities		
Commission and fee income from lending activities	3,548,000	0
Commission and fee income from securities and investment activities	43,925,000	6,524,000
Commission and fee income from other services rendered	1,651,000	24,000
Commission expenses	-5,950,000	-149,000
Net result from commission and fee activities	43,174,000	6,399,000
Net result from trading operations	19,990,000	1,671,000
Other ordinary income and expenses		
Profit on sales of financial investments	35,000	0
Income from equity participations according to the equity method	0	0
Income from other non- participations	42,000	0
Rental income	85,000	0
Other ordinary income	453,000	0
Other ordinary expenses	-523,000	0
Other ordinary income and expenses	92,000	0
Operating expenses		
Personnel expenses	-52,238,000	-7,960,000
Other operating expenses	-44,209,000	-3,874,000
Operating expenses	-96,447,000	-11,834,000
Gross result	-2,128,000	2,731,000

*RoW (Rest of the World)

Note 13f – Taxes (The turnover are generated from outside the United Kingdom and not taxable)

in GBP (£)	2014
Increase of provisions for deferred taxes	0
Release of provisions for deferred taxes	0
Current income and capital taxes	0
Total taxes	0
No liability to UK corporation tax arose on ordinary activities for the period ended 30 November 2014	

REPORT OF THE AUDITOR

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Orratum Bank PLC the Group and the Company, which comprise the balance sheet, income statement and notes (pages 7 until 42), for the year ended 30 Nov 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Orratum Bank PLC the Group and the Company for the year ended 30 Nov 2014 give a true and fair view of the financial position and the results of operations in accordance with United Kingdom Generally Accepted Accounting Practice; and have been prepared in accordance with the requirements of the Companies Act 2006.

Report on other legal requirements

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

In accordance with the United Kingdom Auditing Standard, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Ernst & Young

Garry Lesley

Licensed audit expert

London, October 15, 2016

John H. Stuart

Licensed audit expert (Auditor in charge)

FINANCIAL STATEMENTS

ORRATUM BANK PLC.

ENDED 30 November 2014

AMENDED ACCOUNTS

COMPANY REGISTERED IN ENGLAND AND WALES

REGISTERED NUMBER: 08781066

BALANCE SHEET AS OF 30 Nov 2014

in GBP (£)

	Notes	2014
Assets		
Cash		55,035,000
Money market papers		31,536,000
Due from banks		178,981,000
Due from customers		1,266,616,000
Mortgage loans		1,819,000
Securities and precious metals held for trading purposes		344,743,000
Financial investments		11,669,000
Participations	1	16,074,000
Tangible fixed assets		10,971,000
Accrued income and prepaid expenses		5,892,000
Other assets	8	26,886,000
Total assets		1,960,222,000
Total subordinated assets		23,016,000
Total due from group entities and significant shareholders		1,892,000
Liabilities and shareholders' equity		
Money market papers		357,000
Due to banks		115,273,000
Due to customers with savings and deposit accounts		0
Other amounts due to customers		1,553,063,000
Accrued expenses and deferred income		22,589,000
Other liabilities	8	21,374,000
Valuation adjustments and provisions	5	19,978,000
Reserves for general banking risks	7	3,000,000
Share capital	7	120,000,000
General legal reserve	7	21,010,000
Other reserves	7	108,915,000
Retained earnings	7	-78,276,000
Net profit generated outside the U.K.	7	52,939,000
Total liabilities and shareholders' equity		1,960,222,000
Total subordinated liabilities		28,150,000
Total due to group entities and significant shareholders		129,669,000

Off-Balance Sheet Items as of 30 Nov 2014

	Notes	2014
Contingent liabilities		8,406,000
Irrevocable commitments		24,933,000
Liabilities for calls on shares		0
Derivative instruments		
- positive replacement values		19,266,000
- negative replacement values		19,165,000
- contract volume		1,283,916,000
Fiduciary items	9	875,856,000

PROFIT AND LOSS ACCOUNT

inGBP (£)

Income and Expenses from Ordinary Banking Activities

	Notes	2014
Results from interest activities		
Interest and discount income		38,505,000
Interest and dividend income on securities held for trading		8,686,000
Interest and dividend income on financial investments		1,327,000
Interest expenses		-13,713,000
Net result from interest activities generated outside the U.K.		34,805,000
Results from commission and fee activities		
Commission and fee income from lending activities		3,545,000
Commission and fee income from securities and investment activities		44,458,000
Commission and fee income from other services rendered		1,645,000
Commission expenses		-6,099,000
Net result from commissions and fees		43,549,000
Net result from trading operations generated outside the U.K.	10	20,953,000
Other ordinary income and expenses		
Profit on sales of financial investments		-130,000
Income from participations		4,333,000
Rental income		85,000
Other ordinary income		748,000
Other ordinary expenses		-443,000
Other ordinary income and expenses		4,593,000
Operating expenses		
Personnel expenses		-58,196,000
Other operating expenses		-45,680,000
Operating expenses		-103,876,000
Gross result		24,000

Net Profit

	Notes	2014
Gross result		24,000
Depreciation of fixed assets and Intangible assets		-2,824,000
Valuation adjustments, provisions and losses		-3,629,000
Result before extraordinary items and taxes		-6,429,000
Extraordinary income	11	59,835,000
Extraordinary expenses		-17,000
Taxes		0
Net profit generated outside the U.K.		52,939,000

RESOLUTION OF THE SHAREHOLDERS' MEETING

inGBP (£)

	2014
Net profit generated outside the U.K.	52,939,000
Accumulated deficit/retained earnings	-78,276,000
Available for distribution	-25,337,000

For the Shareholders' Meeting the following appropriation is proposed:

Allocation to general legal reserves	0
Allocation to other reserves	0
Ordinary dividend	0
Losses carried forward	-25,337,000
Total	-25,337,000

DESCRIPTION OF BUSINESS ACTIVITIES

The business activities of ORRATUM BANK PLC. ("the Bank") are described in the notes to the financial statements of Orratum Bank Group.

ACCOUNTING POLICIES AND VALUATION PRINCIPLES

The financial statements of ORRATUM BANK PLC ("the Bank") have been prepared in accordance with the applicable and provisions of the United Kingdom accounting standards.

In general, the Bank's financial statements are based on the same accounting policies and valuation principles used for the annual accounts ("the financial statements"). Unlike the financial statements of the ORRATUM BANK PLC, which present a "true and fair view" of the actual financial position and the results of operations, the Bank's financial statements may be impacted by undisclosed reserves.

BALANCE SHEET INFORMATION

Note 1 – Participations

InGBP (£)	2014
Quoted	0
Non-quoted	16,074,000
Total participations	16,074,000

Note 2 – Loans and Advances to Affiliated Entities and to Members of the Bank's Statutory Bodies and Significant Shareholders

InGBP (£)	2014	
	Due from	Due to
Affiliated companies	0	0
Members of the bank's statutory bodies and significant shareholders	450,000	0

Related Party Transactions

Essentially, we refer to the information provided in the notes to the financial statements.

The amounts due from and due to Group companies and qualified participations additionally include amounts due from and due to subsidiaries of Orratum Bank.

Note 3 – Assets Pledged or Assigned under Reservation of Title

InGBP (£)	2014	
	Book value	Actual commitments
Pledged assets		
Money market paper	0	0
Due from banks	686,000	0
Securities and precious metals held for trading purposes	49,100,000	70,650,000
Financial investments	0	0
Total pledged assets	49,786,000	70,650,000

There are no assets subject to reservation of title.

Note 4 – Liabilities to Own Pension and Welfare Plans

InGBP (£)	2014
Other amounts due to customers	1,991,000
Total commitments to own pension and welfare plans	1,991,000

Information regarding pension funds is included in the notes to the financial statements.

Note 5 – Valuation Adjustments, Provisions and Reserves for General Banking Risks

in GBP (£)	Balance as of 01.12.13	Used as intended	Recoveries, doubtful interests and forex differences	New creation charged to profit and loss account	Reversals credited to profit and loss account	Balance as of 30.11.14
Valuation adjustments and provisions for identifiable loan losses (credit and country risks)	21,971,000	-11,082,000	-247,000	11,442,000	-5,884,000	16,200,000
Valuation adjustments and provisions for other business risks	2,164,000	-1,182,000	1,000	1,740,000	0	2,723,000
Restructuring provisions	0	0	0	0	0	0
Valuation adjustment employer contribution reserves	1,055,000	0	0	0	0	1,055,000
Other provisions	0	0	0	0	0	0
Total valuation adjustments and provisions as per balance sheet	25,190,000	-12,264,000	-246,000	13,182,000	-5,884,000	19,978,000
Reserves for general banking risks	3,000,000	0	0	0	0	3,000,000

The valuation adjustments and provisions for identifiable loan losses include individual valuation adjustments on credit positions of GBP (£) 16.2 million, which were established in accordance with the accounting policies and valuation principles.

The valuation adjustments and provisions for other business risks contain provisions for legal risks of GBP (£) 1.8 million and provisions for operational risks of GBP (£) 0.9 million. Each case is assessed individually. The amount of the provisions is based on the maximum presumed loss that would arise, taking into consideration the probability of occurrence, for each event.

Note 6 – Share Capital and Shareholders Controlling More Than 5% of All Voting Rights

in GBP (£)	2014			2014	
	Total nominal value	Number of units	Dividend bearing capital	Nominal value	Equity in %
Capital structure					
Share capital	120,000,000	30,000,000	120,000,000		
Total share capital	120,000,000	30,000,000	120,000,000		
Significant shareholders having voting rights					
Orratum LLC			120,000,000		100
of which indirectly qualifying ownership of 97.82%:					

Note 7 – Statement of Changes in Shareholders' Equity

in GBP (£)

Shareholders' equity as of 01.12.2013

Share capital	120,000,000
General legal reserve	50,400,000
Other reserves	18,915,000
Reserves for general banking risks	10,000,000
Accumulated deficit	-6,400

Total shareholders' equity as of 01.12.2013 (before appropriation of profit) **329,542,601**

Dividend payment 0

Share capital increase 0

Net profit 2014 generated outside the U.K. **52,939,000**

Total shareholders' equity as of 30.11.2014 (before appropriation of profit) **382,481,601**

of which

- Share capital	250,234,001
- General legal reserve	50,400,000
- Other reserves	18,915,000
- Reserves for general banking risks	10,000,000
- Accumulated deficit	-6,400

Note 8 – Other Assets and Liabilities

in GBP (£)

2014

	Other assets	Other liabilities
Replacement values of derivatives		
Contracts as principal		
- proprietary positions relating to trading	18,205,000	16,309,000
- proprietary positions relating to hedges	0	1,795,000
Contracts with clients on a bank-to-bank basis	1,061,000	1,061,000
Compensation account	0	0
Employer contribution reserves for pension funds	5,710,000	0
Other assets and liabilities	1,910,000	2,209,000
Total other assets and liabilities	26,886,000	21,374,000

OFF-BALANCE SHEET ITEMS AND PROFIT AND LOSS ACCOUNT INFORMATION

Note 9 – Fiduciary Items

in GBP (£)	GBP (£)	USD	EUR	Other	Total
Fiduciary placements with third parties	0	205,582,000	34,865,000	111,723,000	352,170,000
Fiduciary loans	0	152,805,000	174,484,000	196,397,000	523,686,000
Total fiduciary items as of 30-11-2014	0	358,387,000	209,349,000	308,120,000	875,856,000
Total fiduciary items as of 01-12-2013	2,095,000	200,957,000	90,042,000	358,750,000	651,844,000

Note 10 – Net Result from Trading Operations

in GBP (£)	2014
Net income from debt securities and interest futures	13,664,000
Net income from foreign currency trading	6,801,000
Net income from precious metal trading	239,000
Net income from shares and other equity-related instruments	249,000
Total net result from trading operations generated outside the U.K.	20,953,000

Note 11 – Extraordinary Income and Expenses

The extraordinary income of GBP (£) 59.8 million consists largely of two cash contributions from Orratum LLC