

**BAWAG Capital Finance  
(Jersey) II Limited**

**Report and financial statements**

31 December 2014



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# BAWAG Capital Finance (Jersey) II Limited

## Directors, officers and other information

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<i>Directors:</i>	Helen Grant Gareth Essex-Cater Edward Frank Grech Christopher Ruark
<i>Secretary:</i>	Sanne Secretaries Limited
<i>Registered office:</i>	13 Castle Street, St Helier, Jersey, Channel Islands,
<i>Country of incorporation:</i>	Jersey
<i>Company registration number:</i>	83188
<i>Auditor:</i>	Deloitte LLP, P.O. Box 403, 44 Esplanade, St. Helier, Jersey, Channel Islands.
<i>Bankers:</i>	Bank Für Arbeit Und Wirtschaft und Österreichische Postsparkasse AG, Georg-Coch Platz, A-1018 Vienna, Austria.  BAWAG Malta Bank Limited, Level 4, Suite 7, The Plaza Commercial Centre, Bisazza Street, Sliema, SLM 1640, Malta.  The Royal Bank of Scotland International, Royal Bank House, 71 Bath Street, St. Helier, Jersey, Channel Islands.
<i>Legal advisers:</i>	Mourant Ozannes, P.O. Box 87, 22, Grenville Street, St. Helier, JE4 8PX, Jersey, Channel Islands.

# BAWAG Capital Finance (Jersey) II Limited

## Directors' report

Year ended 31 December 2014

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The directors present their report and the audited financial statements for the year ended 31 December 2014.

### Principal activity

The principal activity of BAWAG Capital Finance (Jersey) II Limited (the 'company') is the provision of financing to fellow subsidiaries of the ultimate parent company Bank Für Arbeit Und Wirtschaft und Österreichische Postsparkasse AG.

### Performance review

The loss for the year increased by *EUR2,906* from *EUR9,165* in 2013 to a loss of *EUR12,071* in 2014. At 31 December 2014, total assets of the company stood at *EUR84,703,738* (2013 - *EUR84,651,615*). The increase in total assets is attributable to an increase in the cash and cash equivalents balance.

### Results and dividends

The result for the year ended 31 December 2014 is shown in the profit and loss account on page 5. The directors do not recommend the payment of a dividend in respect of ordinary shares (2013 – *EUR Nil*). Details of dividends in respect of the preference shares are set out in note 12 of the financial statements.

### Going concern

On 31 March 2015, the Directors resolved to initiate the redemption of previously issued perpetual non-cumulative non-voting preference shares. The shares will be redeemed in whole at *EUR83,378,500* plus accrued interest and the applicable redemption date is 27 June 2015. The directors then intend to place the company into liquidation.

Accordingly, the financial statements have been prepared on an other than going concern basis. The directors believe that there are no material differences in the carrying values of assets and liabilities between preparing the financial statements on a going concern basis and on a basis other than, that of a going concern.

### Directors

The directors who served during the year were:

Helen Grant

Gareth Essex-Cater

Edward Frank Grech

Christopher Ruark

In accordance with the company's articles of association, the directors are to remain in office.

# **BAWAG Capital Finance (Jersey) II Limited**

## **Directors' report**

Year ended 31 December 2014

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### **Auditor**

A resolution to reappoint Deloitte LLP, as auditor to the company will be proposed at the forthcoming annual general meeting.

By order of the Board:



Authorised Signatory  
Sanne Secretaries Limited  
Secretary

29 April 2015

# **BAWAG Capital Finance (Jersey) II Limited**

## **Statement of directors' responsibilities**

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The directors are responsible for preparing 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). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- 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 proper accounting records that 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 (Jersey) Law 1991. 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.

With regard to SI 277/207 Transparency (Directive 2004/109/EC) Regulation 2007 of the European Union (the "EU Transparency Directive"), the directors of the company whose names appear on page 1 confirm to the best of their knowledge that the financial statements for the year ended 31 December 2014 give a true and fair view of the assets, liabilities, financial position and profit or loss of the company as required by the applicable accounting standards. The directors' report gives a fair review of the development of the company's business, financial position and the important events that have occurred during the financial year and their impact on the financial statements. The principal risks and uncertainties faced by the company are disclosed in Note 17 of these financial statements.

# BAWAG Capital Finance (Jersey) II Limited

## Profit and loss account

Year ended 31 December 2014

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	<i>Notes</i>	<b>2014</b> <b>EUR</b>	<b>2013</b> <b>EUR</b>
Interest income	4	<b>6,032,919</b>	6,032,816
Interest expense	5	<b>(6,003,252)</b>	(6,003,252)
<b>Net interest income</b>		<b>29,667</b>	29,564
Administrative expenses		<b>(41,738)</b>	(38,729)
<b>Loss for the year</b>	6	<b>(12,071)</b>	(9,165)

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All the items dealt with in arriving at the operating loss for the current and preceding years relate to continuing operations.

There are no recognised gains or losses in either year other than the loss for the year therefore no separate statement of recognised gains and losses was presented.

The notes on pages 8 to 18 form an integral part of these financial statements.





# BAWAG Capital Finance (Jersey) II Limited

## Balance sheet

31 December 2014

	Notes	2014 EUR	2013 EUR
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Loans and receivables	9	-	83,379,000
<b>Current assets</b>			
Loans and receivables	9	83,379,000	-
Trade and other receivables	10	54,159	58,504
Cash and cash equivalents	14	1,270,579	1,214,111
<b>Total assets</b>		<b>84,703,738</b>	<b>84,651,615</b>
<b>Current liabilities</b>			
Interest-bearing borrowings	12	83,378,500	-
Trade and other payables	11	822,206	758,012
Amounts due to related parties	12	3,600	3,600
<b>Non-current liabilities</b>			
Interest-bearing borrowings	12	-	83,378,500
<b>Total liabilities</b>		<b>84,204,306</b>	<b>84,140,112</b>
<b>Net assets</b>		<b>499,432</b>	<b>511,503</b>
<b>EQUITY</b>			
Share capital	13	100	100
Retained earnings		499,332	511,403
<b>Total equity</b>		<b>499,432</b>	<b>511,503</b>

These financial statements were approved by the Board of Directors on 29 April 2015 and signed on its behalf by:

  

 )  
 ) DIRECTORS  
 )

The notes on pages 8 to 18 form an integral part of these financial statements.

# BAWAG Capital Finance (Jersey) II Limited

## Statement of movement in shareholder's funds

Year ended 31 December 2014

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	Share capital EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2013	100	520,568	520,668
Loss for the year	-	(9,165)	(9,165)
Balance at 1 January 2014	100	511,403	511,503
Loss for the year	-	(12,071)	(12,071)
Balance at 31 December 2014	100	499,332	499,432

The notes on pages 8 to 18 form an integral part of these financial statements.

# BAWAG Capital Finance (Jersey) II Limited

## Notes to the financial statements

31 December 2014

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### 1. Basis of preparation

On 31 March 2015, the Directors resolved to initiate the redemption of previously issued perpetual non-cumulative non-voting preference shares. The shares will be redeemed in whole at EUR83,378,500 plus accrued interest and the applicable redemption date is 27 June 2015. The directors then intend to place the company into liquidation. Accordingly, the financial statements have been prepared on an other than going concern basis.

The financial statements have been prepared under the historical cost convention in accordance with applicable law and United Kingdom accounting standards. The significant accounting policies adopted in these financial statements are set out below.

### 2. Significant accounting policies

#### *Financial instruments*

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

The company's investments are all classified as loans and receivables. Upon initial recognition loans and receivables are measured at fair value. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process.

# BAWAG Capital Finance (Jersey) II Limited

## Notes to the financial statements

31 December 2014

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### 2. Significant accounting policies (continued)

#### *Financial instruments (continued)*

##### (i) Trade receivables

Trade receivables are classified with current assets and are stated at their nominal value unless the effect of discounting is material, in which case trade receivables are measured at amortised cost using the straight line method.

##### (ii) Trade payables

Trade payables are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material, in which case trade payables are measured at amortised cost using the effective interest method.

##### (iii) Shares issued by the company

Ordinary shares issued by the company are classified as equity instruments.

Preference shares issued by the company are classified as financial liabilities. Preference shares are measured at amortised cost using the straight line method.

Redemptions or refinancings of equity instruments are recognised as changes in equity whereas gains or losses associated with redemptions or refinancings of financial liabilities are recognised in profit or loss.

#### *Impairment*

All assets are tested for impairment and at each balance sheet date, the carrying amount of assets, is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

For loans and receivables, if there is objective evidence that an impairment loss has been incurred, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced directly.

# BAWAG Capital Finance (Jersey) II Limited

## Notes to the financial statements

31 December 2014

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### 2. Significant accounting policies (continued)

#### *Revenue recognition*

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably. Interest income is recognised by reference to the principal outstanding and is amortised to the profit and loss account on an effective interest yield basis over the life of the loan which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

#### *Currency translation*

The financial statements of the company are presented in its functional currency, the Euro, being the primary currency in which the company operates. Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year-end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in profit or loss. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at fair value are re-translated using the exchange rate ruling on the date the fair value was determined.

#### *Cash flow statement*

Under Financial Reporting Standard No. 1 "Cash Flow Statements (Revised)", the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is wholly owned by BAWAG Finance Malta Limited, which in turn is wholly owned by Bank Für Arbeit Und Wirtschaft und Österreichische Postsparkasse AG Group and whose consolidated financial statements, which include the company's results, are publicly available. The consolidated financial statements of the ultimate parent company can be found at its registered office at Georg-Coch Platz, A-1018, Vienna, Austria.

#### *Cash at bank*

Cash at bank comprise cash on hand, demand deposits and deposits with a maturity term of three months or less.

#### *Dividends*

Dividends to holders of equity instruments are recognised as liabilities in the period in which they are declared.

Dividends to holders of equity instruments are debited directly to equity. Dividends relating to a financial liability, or to a component that is a financial liability, are recognised as an expense in profit or loss and are presented in the profit and loss account with finance charges.

# BAWAG Capital Finance (Jersey) II Limited

## Notes to the financial statements

31 December 2014

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

The judgements made by management in the process of applying the company's accounting policies are discussed in detail below:

In determining whether an impairment loss on the loan to the parent undertaking should be recorded in profit or loss, the company makes judgements as to whether there is any evidence of deterioration in the financial health of the investee, industry and sector performance, as well as changes in operational and financing cash flows.

Management is confident that the carrying amount of the loan to parent undertaking will be recovered in full. This situation will be closely monitored and impairment adjustments made in future periods if deemed necessary.

Management has made no other judgements which can significantly affect the amounts recognised in the financial statements and, at the balance sheet date, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 4. Interest income

	2014 EUR	2013 EUR
Bank interest income	448	345
Interest income on subordinated deposits	6,032,471	6,032,471
	<u>6,032,919</u>	<u>6,032,816</u>

### 5. Interest expense

	2014 EUR	2013 EUR
Finance costs – interest expense on preference shares	<u>6,003,252</u>	<u>6,003,252</u>

### 6. Profit before tax

	2014 EUR	2013 EUR
This is stated after charging: Auditor's remuneration	<u>5,000</u>	<u>5,000</u>

### 7. Taxation

The company is subject to Jersey Income Tax at the rate of 0% (2013 – 0%).

# BAWAG Capital Finance (Jersey) II Limited

## Notes to the financial statements

31 December 2014

### 8. Dividends

No dividends on ordinary shares were paid during the year (2013 - EUR Nil).

### 9. Loans and receivables

	Loan to parent EUR
<b>At Amortised cost</b>	
At 1 January 2013	150,000,000
Redemption	(66,621,000)
	<hr/>
<b>At 1 January 2014</b>	<b>83,379,000</b>
Redemption	-
	<hr/>
<b>At 31 December 2014</b>	<b>83,379,000</b>
	<hr/> <hr/>

Loans and receivables is related to loan advanced to BAWAG Finance Malta Limited, a related company, falls due less than one year (2013: more than one year). Loan was classified as current assets due to on 31 March 2015, the Directors resolved to initiate the redemption of previously issued perpetual non-cumulative non-voting preference shares (as disclosed in note 12). The shares will be redeemed in whole at EUR83,378,500 plus accrued interest and the applicable redemption date is 27 June 2015.

The fair value of the loans and receivables is not materially different from the fair value of the financial liabilities disclosed in note 16 since the ultimate risk bearer in both cases is Bank Für Arbeit Und Wirtschaft und Österreichische Postsparkasse AG.

### 10. Trade and other receivables

	2014 EUR	2013 EUR
Interest receivable on subordinated deposit	50,271	50,271
Prepayments	3,888	8,226
Interest receivable on bank deposits	-	7
	<hr/>	<hr/>
	<b>54,159</b>	<b>58,504</b>
	<hr/> <hr/>	<hr/> <hr/>

Interest receivable from parent undertaking on subordinated deposit is unsecured, interest free and expected to be realised within 12 months after the balance sheet date.

# BAWAG Capital Finance (Jersey) II Limited

## Notes to the financial statements

31 December 2014

### 11. Trade and other payables

	2014 EUR	2013 EUR
Interest payable on preference shares	49,506	49,506
Dividends payable	766,040	703,506
Accrued expenses	6,660	5,000
	<u>822,206</u>	<u>758,012</u>

### 12. Other financial liabilities

	2014 EUR	2013 EUR
Amounts owed to related parties	3,600	3,600
Interest bearing borrowings	83,378,500	83,378,500
	<u>83,378,500</u>	<u>83,382,100</u>
Less: Amounts due for settlement within 12 months (shown under current liabilities)	-	(3,600)
	<u>83,378,500</u>	<u>83,378,500</u>

The preference shares are listed on the Frankfurt Stock Exchange and the Euronext Amsterdam Exchange.

On 31 March 2015, the Directors resolved to initiate the redemption of previously issued perpetual non-cumulative non-voting preference shares. The shares will be redeemed in whole at EUR83,378,500 plus accrued interest and the applicable redemption date is 27 June 2015. The directors then intend to place the company into liquidation.

### 13. Share capital

	Authorised share capital EUR	Issued share capital EUR
35,000,000 ordinary shares of EUR1 each (of which 100 have been issued and called up)	<u>35,000,000</u>	<u>100</u>



# BAWAG Capital Finance (Jersey) II Limited

## Notes to the financial statements

31 December 2014

### 14. Cash at bank

Cash at bank comprise the following amount:

	2014 EUR	2013 EUR
Bank deposits	<u>1,270,579</u>	<u>1,214,111</u>

Cash at bank include a balance of *EUR1,260,645* (2013 – *EUR1,201,968*) held with related companies.

### 15. Related party disclosures

The parent and ultimate parent companies of BAWAG Capital Finance (Jersey) II Limited are BAWAG Finance Malta Limited and Cerberus Capital Management, L.P. respectively, which are resident in Malta and United States of America respectively.

During the course of the year, the company entered into transactions with related parties as set out below.

	2014			2013		
	Related party activity Eur	Total activity Eur	%	Related party activity Eur	Total activity Eur	%
Interest income	<u>6,032,471</u>	<u>6,032,919</u>	<u>99.99%</u>	<u>6,032,471</u>	<u>6,032,816</u>	<u>99.9%</u>
Administrative expenses	<u>14,400</u>	<u>41,738</u>	<u>35%</u>	<u>14,400</u>	<u>38,729</u>	<u>37%</u>

Each of C. Ruark, H.C. Grant, G.P. Essex-Cater and F.X.A. Chesnay is/was an employee of a subsidiary of State Street Corporation ("SSC"). SSC was the company secretary up till 31st May 2013. As at this date, C. Ruark and G.P. Essex-Cater were also shareholders of an affiliate of SSC. Affiliates of SSC provided administrative services to the company at commercial rates. After 31st May 2013, the duties of the company secretary were taken over by Sanne Secretaries Limited.

Affiliates of Sanne Secretaries Limited provide on-going administration services to the company at commercial rates. During the year ended 31 December 2014, the company was charged EUR13,587 by Sanne Secretaries Limited or an affiliate thereof.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions. The amounts due from and owed to related parties are disclosed in notes 9, 10, 11, 12 and 14 respectively.

# BAWAG Capital Finance (Jersey) II Limited

## Notes to the financial statements

31 December 2014

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### 16. Fair values of financial assets and financial liabilities

At 31 December 2014, the fair value of current financial liabilities with a carrying amount of EUR83,378,500 (2013 – EUR83,378,500) amounted to EUR83,712,014 (2013 – EUR77,708,762). At 31 December 2014, the fair value of the current financial assets with a carrying amount of EUR83,379,000 (2013– EUR83,379,000) is not materially different from the fair value of current financial liabilities.

### 17. Financial risk management

The exposures to risk and the way risks arise, together with the company's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

#### *Credit risk*

Financial assets which potentially subject the company to concentrations of credit risk consist principally of receivables, investments and cash at bank.

The company assesses the credit quality of its related parties by taking into account their financial standing, past experience and other factors.

Cash at bank is placed with reliable financial institutions.

#### *Currency risk*

Foreign currency transactions arise when the company avails or provides services whose price is denominated in a foreign currency, borrows or lends funds when the amounts payable or receivable are denominated in a foreign currency or acquires or disposes of assets, or incurs or settles liabilities, denominated in a foreign currency. The company is not exposed to foreign currency exchange rate risk, as both the financial asset and financial liability are denominated in Euros. There is no deemed exposure to currency risk as nearly all assets and liabilities are in the same currency therefore no sensitivity analysis has been performed as it is not required.

#### *Interest rate risk*

The terms of the notes and the preference shares are such that the income from the notes matches, or exceeds the dividends payable on the preference shares. The company is not therefore exposed to interest rate risk. Therefore no sensitivity analysis has been performed.

# BAWAG Capital Finance (Jersey) II Limited

## Notes to the financial statements

31 December 2014

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### 17. Financial risk management (continued)

#### *Liquidity risk*

The company monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments associated with financial instruments and by maintaining adequate banking facilities. The notes had an original maturity date of 27 June 2010, but was extended on 30 December 2009 to 28 June 2030. On 31 March 2015, the Directors resolved to initiate the redemption of the notes and the applicable redemption date is 27 June 2015.

The following maturity analysis for financial liabilities shows the remaining contractual maturities using the contractual undiscounted cash flows on the basis of the earliest date on which the company can be required to pay. The analysis includes both interest and principal cash flows and reflects the redemption notice published on 31 March 2015.

	Perpetual Non-cumulative Non-voting Fixed/Floating Rate Preference Shares	
	2014 EUR	2013 EUR
Less than 1 month	500,271	500,271
1 - 3 months	1,000,542	1,000,542
3 months - 1 year	87,880,939	4,502,439
1 - 5 years	-	24,013,008
5+ years	-	152,415,898
<b>Total</b>	<b>89,381,752</b>	<b>182,432,158</b>

# BAWAG Capital Finance (Jersey) II Limited

## Notes to the financial statements

31 December 2014

### 17. Financial risk management (continued)

#### *Capital risk management (continued)*

The capital structure of the company consists of preference shares disclosed in note 12 and loans to the parent undertaking as disclosed in note 9.

#### Financial assets

Currency	Fixed rate financial assets	
	2014 EUR	2013 EUR
Euro	<u>83,379,000</u>	<u>83,379,000</u>

Currency	Fixed rate financial assets			
	Weighted average interest rate		Weighted average period for which rate is determined	
	2014	2013	2014	2013
Euro	7.235%	7.235%	1 year	17 years

#### Financial assets

Further information relating to the interest rate and the maturity of the fixed rate financial assets can be found in note 9.

On 31 March 2015, the Directors resolved to initiate the redemption of previously issued perpetual non-cumulative non-voting preference shares. The shares will be redeemed in whole at EUR83,378,500 plus accrued interest and the applicable redemption date is 27 June 2015. The directors then intend to place the company into liquidation.

#### Financial liabilities

Currency	Fixed rate financial liabilities	
	2014 EUR	2013 EUR
Euro	<u>83,378,500</u>	<u>83,378,500</u>

# BAWAG Capital Finance (Jersey) II Limited

## Notes to the financial statements

31 December 2014

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### 17. Financial risk management (continued)

Currency	Fixed rate financial assets			
	Weighted average interest rate		Weighted average period for which rate is determined	
	2014	2013	2014	2013
Euro	7.2%	7.2%	1 year	17 years

The fixed rate financial liabilities mature on 27 June 2015 and bear interest at a rate of 7.2% (2013 – 7.2%).

#### *Capital risk management*

The company's objectives when managing capital are to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The company's directors manage the company's capital structure and review it on an ongoing basis through the payments of dividends, redemptions and new share issues.

#### *Sensitivity analysis*

Under FRS 29 'Financial instruments: Disclosures' there is a requirement to perform sensitivity analysis. It is deemed that it is not relevant to perform sensitivity analysis as a change in interest rates, market returns or foreign exchange will have an equal and opposite effect on the assets and liabilities and income interest and expense. Therefore no sensitivity analysis has been performed.

### 18. Events after reporting period

On 31 March 2015, the Company issued a redemption notice whereby EUR83,378,500 par value of non-cumulative non-voting fixed/floating rate preference shares will be early redeemed on 27 June 2015 in accordance with Article 6(c) of its Articles of Association. The redemption will be at 100 per cent of the outstanding nominal value and the redemption payment will include interest accrued up till the redemption date.

# **BAWAG Capital Finance (Jersey) II Limited**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAWAG CAPITAL FINANCE (JERSEY) II LIMITED**

We have audited the financial statements of BAWAG Capital Finance (Jersey) II Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Movement in Shareholder's Funds and the related notes 1 to 18. 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).

This report is made solely for the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditor.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAWAG CAPITAL FINANCE (JERSEY) II LIMITED (continued)**

**Emphasis of matter – Financial Statements prepared on a basis other than going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.



Andrew Isham BA, FCA  
for and on behalf of  
**Deloitte LLP**  
Chartered Accountants and Recognized Auditor  
Jersey

29 April 2015

