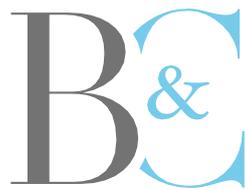


*Building  
relationships*



**Unaudited Interim Results**  
**For the Six Months ended 30 June 2017**  
**(‘the period’)**

*supporting our  
Clients’ aspirations*

### Operational and Financial Highlights

- Strong performance in mortgage business, with £23.4m in net new lending in the period (12 month period ended 31 December 2016: £10.3m in net new lending) and £10.2m of mortgages at offer stage which are expected to complete in the second half of 2017
- Corporate lending of £8.8m in the first six months of the current year (12 month period ended 31 December 2016: £6.5m in net new lending)
- Deposit accounts of £85m as at 30 June 2017
- The deposit book has been re-opened to new customers for savings accounts across the 6, 12 and 18 month products
- Operating expenditure of £4m in the period (12 month period ended 31 December 2016: £6.7m), the increase being largely due to continued investment in staff and one-off legal fees
- Net banking income of £1.7m (12 month period ended 31 December 2016: £2m)
- Net loss before tax of £2.4m for the period, primarily due to investments in additional resources to support growth, particularly in mortgages
- Strong capital position, with CET1 capital of £13.1m (31 December 2016 £8.9m), following £6.45m of further capital injections from the parent company in the period

*Strong growth in our mortgage business was accompanied by increased corporate lending...*

## OVERVIEW

### Chief Executive's Statement

The first half of 2017 was positive for B&C ('the Bank'). Strong growth in our mortgage business was accompanied by increased corporate lending and the reopening of our deposit book. Overall, this performance is pleasing as we continue to progress the development of our business model.

The Bank's mortgage business performed significantly ahead of projections in the first half of 2017 and our mortgage book has increased from £15.6m at 31 December 2016 to £39m at the end of the period.

B&C's differentiated offering, providing bespoke mortgages to meet the specific needs of clients such as those with complex income streams, has filled a gap in the market. In addition, the mortgage team's focus on high levels of client service and bespoke underwriting has been well received by mortgage brokers. We will continue to invest in growing the mortgage business whilst maintaining our strict underwriting standards.

Our corporate lending business continues to grow having increased from £6.5m as at 31 December 2016 to £15.3m at 30 June 2017.

Cash and balances with central banks represents monies held in the Bank of England reserve account. These have decreased since 31 December 2016 as a result of increased lending and a small reduction in customer accounts.

In addition to making positive commercial progress, we have continued to develop the Bank's internal structures and processes to support an increased level of activity. Claire Bridel began in her new role of Chief Operating Officer on 1 January 2017, having previously been a Non-Executive Director of the Bank. Claire's strong track record in similar roles in major financial institutions has been invaluable as we continue to expand the business. The expansion of the Bank's activities has necessitated increased investment in core functions and we recorded operating expenditure of £4m for the period (12 months ended 31 December 2016: £6.7m).

The net banking income for the period was £1.7m (12 month period ended 31 December 2016: £2m).

The Bank remains well capitalised with CET1 capital of £13.1m, considerably above regulatory requirements. The Bank regularly reviews its ability to raise additional funding on attractive terms to support the further expansion of B&C.

### Outlook

Although the economic outlook for the UK remains uncertain, the Bank is performing well and is positioned to deliver growth, with a strong pipeline of mortgage and corporate lending.

UNAUDITED STATEMENT OF PROFIT OR LOSS  
AND STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2017

Statement of Profit or Loss	Note	Unaudited 30-Jun-17 £'000	Audited 31-Dec-16 £'000
Interest income		1,353	1,232
Interest expense		(531)	(952)
<b>Net interest income</b>		<b>823</b>	<b>280</b>
Fee and commission income		977	1,749
Fee and commission expense		(87)	(55)
<b>Net fee and commission income</b>		<b>890</b>	<b>1,694</b>
<b>Net banking income</b>		<b>1,713</b>	<b>1,974</b>
Operating expenses		(4,041)	(6,726)
Impairments		(31)	(2,240)
<b>Total expenditure</b>		<b>(4,072)</b>	<b>(8,966)</b>
<b>Loss for the Period before taxation</b>		<b>(2,359)</b>	<b>(6,992)</b>
Taxation		-	-
<b>Loss for the Period attributable to owners</b>		<b>(2,359)</b>	<b>(6,992)</b>
<b>Statement of Other Comprehensive Income</b>		<b>Unaudited 30-Jun-17 £'000</b>	<b>Audited 31-Dec-16 £'000</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the Period attributable to owners</b>		<b>(2,359)</b>	<b>(6,992)</b>

# UNAUDITED STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2017

Assets	Note	Unaudited 30-Jun-17 £'000	Audited 31-Dec-16 £'000
Cash and balances with central banks		39,614	77,535
Loans and advances to banks		4,684	4,466
Loans and advances to customers		54,360	22,068
Investment securities		(0)	77
Property, plant and equipment		442	452
Due from Group undertakings		2	2
Other assets		52	16
Prepayments and accrued income		467	431
<b>Total assets</b>		<b>99,620</b>	<b>105,048</b>
<b>Liabilities</b>			
Customer accounts		84,987	94,012
Other liabilities		712	886
Accruals and deferred income		829	1,153
Suspense balances		16	12
<b>Total liabilities</b>		<b>86,544</b>	<b>96,063</b>
<b>Equity</b>			
Called up share capital		27,602	21,152
Retained earnings brought forward		(12,167)	(5,175)
Loss for the year to date		(2,359)	(6,992)
<b>Retained earnings</b>		<b>(14,526)</b>	<b>(12,167)</b>
<b>Total equity</b>		<b>13,076</b>	<b>8,985</b>
<b>Total liabilities and equity</b>		<b>99,620</b>	<b>105,048</b>

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B&C is the trading name of Bank and Clients Plc, which is authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and the Financial Conduct Authority.  
Registered office: 30 King Street London EC2V 8EH UK. Financial Services Register number 204459. Company number 00980698.