



Wyelands Bank

Growing Together



Annual Report
Summary 2019



1. AT A GLANCE

Who we are:

Wyelands Bank works with businesses to support industrial growth, enabling them to trade more easily around the world and to create jobs.

We support small and medium-sized businesses by providing the working capital solutions they need to trade effectively, meeting a vital need for our customers.

We understand that every business is unique and tailor solutions that meet our customers' individual needs.

Our approach is innovative yet simple, giving direct access to decision makers.

Because we do this well, we can provide savers with competitive and attractive products.

Our vision is long-term, to develop partnerships that provide opportunities to grow together.

We are a British bank focused on domestic and global trade.

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HELPING BUSINESSES TRADE, GROW AND CREATE JOBS

Our offer: supporting businesses across the supply chain.

We provide firms, wherever they are in the supply chain, with finance solutions based on the value of their assets.

We offer receivables finance, trade finance, asset finance and asset-based lending.

These can be on their own or blended as part of a flexible asset-based lending solution.

In the past year, we have invested in developing our working capital solutions and customer management services:

- Extended our finance solutions with trade finance, asset-based lending and asset finance
- Expanded further our origination team to focus more heavily on these areas
- Opened offices in Yorkshire and Wales to get close to new customers
- Continued to improve our product and customer management systems



TRADE FINANCE



RECEIVABLES FINANCE



ASSET FINANCE



ASSET-BASED LENDING





Regional office openings to get close to our customers

During the year we have opened two regional offices, in Leeds and Cardiff.

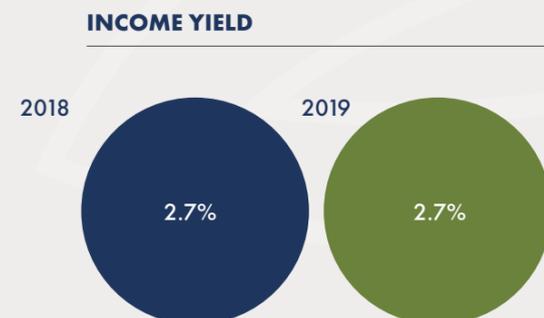
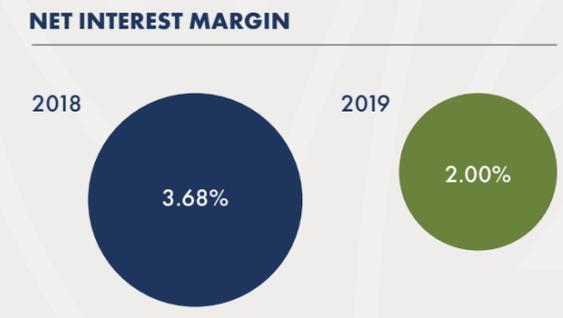
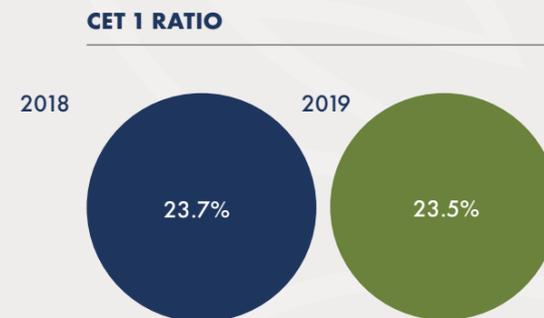
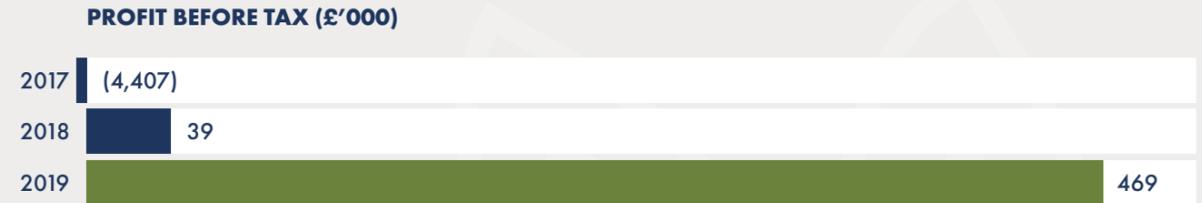
These will help us to get closer to our customers, local firms and the professional communities that serve them.

“Small and medium-sized business owners want to meet decisions makers face-to-face. Our new regional offices enable us to serve better our customers that are based in these key locations.”

Ian Flaxman, Managing Director, Working Capital Solutions



Our performance





1. AT A GLANCE

Our strategy: our strategy is to work closely with our customers, so they can realise their potential and grow.

1

Support mid-market manufacturing-based businesses by providing financial solutions to finance their growth and create jobs

2

Provide savers with competitive and attractive products

3

Take a personal approach to developing customer relationships with the businesses that we support

4

Work with customers to identify and develop innovative solutions that are tailored, simple and sustainable

5

Introduce new services to help businesses, building on receivables, inventory, and trade finance

6

Make the customer experience straightforward

7

Continue to build our brand and channels to market to sustain future growth

Our vision is to become the most customer-centric business finance partner in the UK middle market.





Where we have done business: a British bank providing finance to support global trade. We have customers around the world.

- 21. NETHERLANDS
- 22. NORWAY
- 23. OMAN
- 24. PHILIPPINES
- 25. POLAND
- 26. ROMANIA
- 27. SINGAPORE
- 28. SOUTH AFRICA
- 29. SPAIN
- 30. SWEDEN
- 31. SWITZERLAND
- 32. SLOVENIA
- 33. SOUTH KOREA
- 34. THAILAND
- 35. TURKEY
- 36. UNITED ARAB EMIRATES
- 37. UNITED KINGDOM
- 38. UNITED STATES OF AMERICA

- 1. AUSTRALIA
- 2. AUSTRIA
- 3. BELGIUM
- 4. BRITISH VIRGIN ISLANDS
- 5. BRAZIL
- 6. CAYMAN ISLANDS
- 7. CZECH REPUBLIC
- 8. CANADA
- 9. CHINA
- 10. DENMARK
- 11. FINLAND
- 12. FRANCE
- 13. GERMANY
- 14. HONG KONG
- 15. INDIA
- 16. IRELAND
- 17. ITALY
- 18. JAPAN
- 19. LUXEMBOURG
- 20. MEXICO



Asset-based lending helps stainless steel supplier drive growth

We put in place a seven-figure asset-based lending deal for AD Bird Stainless Limited. It will free up working capital so the firm can take on new orders and invest for the future.



The loan has been structured to meet the business's working capital requirements. It will increase flexibly as it is needed, driven by the working capital assets owned by AD Bird Stainless.

AD Bird Stainless is a family-run business based in South Yorkshire. It supplies precision, specialist, stainless steel products and services. The business was established in 1987 and now employs 23 people.

It is now forecast to achieve more than £7m turnover this financial year, significantly up on the previous year.

Ian Flaxman, managing director, working capital solutions at Wyelands Bank, said: "By supporting small and medium-sized firms, providing the business finance they need to grow, we fill a vital gap in the market."

Nigel Bird, managing director at AD Bird Stainless Limited, said: "The funding is a very important driver in our growth and allows us to manage our future plans."

"It takes time and effort to understand a firm's specific challenges and identify how to help them to unlock growth. We tailor the finance customers need to bring their plans to life now and in the future."

Iain Hunter, CEO of Wyelands Bank

Raising finance is getting more difficult for mid-sized firms

Mid-sized businesses create around half a million jobs a year in the UK. It is crucial for them to be able to access the finance they need to survive.

Yet raising finance is becoming more difficult for the UK's mid-sized manufacturers. Our research shows that three fifths (59%) of UK mid-sized manufacturers turning over £10m to £300m feel their business is not a priority for their bank.

Nearly one in three of these firms say accessing finance is more difficult now than five years ago.

Half of the firms surveyed said their bank would not accurately be able to describe what their business does. Consequently, half (51%) say they are not able to access the bespoke financial solutions they need to unlock growth.

These barriers have stopped firms from winning new contracts and stifled job creation. Each firm said difficulties raising finance meant they had missed out on an average of £20 million in revenues and an average of 11 new contracts. These would have enabled each firm to create 10 new jobs.

These figures suggest that the 23,000 mid-sized manufacturing businesses in the UK have collectively missed out on: 163,537 contracts, £183 billion in potential revenues and 175,584 jobs they have been prevented from creating.

59%

feel they are not a priority for their bank

51%

not able to access bespoke financial solutions

THE AVERAGE BUSINESS HAS MISSED OUT ON:

£20m

Revenues

11

New contracts

10

New jobs being created

Our customers

We serve specific customers that need tailored solutions to unlock their potential to trade, grow and create jobs.

Our industry focus



Size of business (turnover)

£10m – £300m



Subsidy-free solar power is coming of age

We teamed up with renewable energy firm, Anesco, to commission Aurora Energy Research to study the benefits of co-locating solar power and battery storage installations.

This looked at ways of maximising site profitability and enhancing their attractiveness to investors.

It shows that hybrid solar power and battery storage systems are coming of age. Reduced costs, increased revenue opportunities and natural synergies between the two technologies lead to increased investment returns over those achievable by either technology in isolation.

These increased returns make such projects more attractive to investors and funders alike.

Subsidy-free hybrid sites have an important role to play in the decarbonisation of the UK energy system. However, a full mix of renewable technologies and behavioural shifts will be required to deliver the targeted UK carbon reductions.

At Wyelands Bank we are keen to support the UK renewables and clean tech sectors and have a dedicated team to do just that.

“The removal of governmental subsidies for renewables created a challenging environment for funders wanting to support the sector. However, as our report confirms, subsidy free business models on certain technologies are becoming more attractive to investors and funders alike.”

Jim Higginbotham, Managing Director,
Asset Finance at Wyelands Bank





We work closely with our customers to provide simple and effective solutions.

It is easy for a new bank to say it will do things differently.

What matters is how we work together with our colleagues, partners and customers to deliver on that.

We are guided by our values.

PASSIONATE

We are passionate about working in close partnership with our customers.

CUSTOMER DRIVEN

Only by knowing each customer individually can we understand how best to help.

SOLUTIONS FOCUSED

No business is the same, so we develop tailor-made solutions for each customer.

STRAIGHTFORWARD

We strive to make things simple, straightforward and easy to manage.





We all work together for our common goals and values. We support and work collaboratively with our partners and customers to create sustainable solutions. When we do this, we grow individually and collectively.

Growing Together



JOHN CROMPTON
Chairman

3. CHAIRMAN'S REVIEW

This has been Wyelands Bank's second full financial year, and its first full year of UK retail deposit-taking. We have maintained the Bank's growth. At year end we had increased lending assets to £434 million. Total lending volumes through the year were approaching £1 billion, contributing a modest pre-tax profit.

Perhaps more importantly, we have made substantial investments in people, processes, IT systems and physical infrastructure. This is to enable us to:

- offer a wider range of savings products through additional distribution channels, providing greater choice for customers and helping the Bank to manage its funding requirements more flexibly and efficiently
- expand the range of services that we offer to borrowers, adding asset finance and asset-based lending to our existing working capital financing solutions

In the coming year we will continue to invest in these areas, and to build out the culture that we see as essential to the safe, sustainable operation of a customer-focused bank.

During our first two years, our rapid growth and strong financial performance has owed much to our ability to source business through introductions from companies controlled by our shareholder.

This business has been undertaken on commercial terms, frequently in competition with other banks. Our approach is to treat shareholder-introduced clients in the same way that we would treat any other customer.

Our goal is also to do business with a wider base of clients. To that end, we have invested further in our origination team, product capabilities, new offices and improved systems.

Over the coming years these investments should enable us to broaden the base of our customers both in absolute terms and as a proportion of our overall business.

This is an important part of our strategy, to:

- create value for our shareholder
- enable the Bank to have access to external sources of capital to support longer-term growth.

I would like to thank Iain Hunter, our Chief Executive, and his entire team for their hard work and contribution to the continued success of the Bank.

The UK economy faces significant headwinds in the form of Brexit and global trade uncertainties. I am confident that the expertise and discipline of Iain and his team will ensure that we navigate these challenges successfully while continuing to execute our strategy.



During our first two full years, we have continued to build our offer as a specialist provider of financial solutions that are straightforward, and customer driven.

It has been an exciting year. We have extended our product range and enhanced our customer journey.

We are seeking to grow in a political and economic environment that is benign at best. Global and regional uncertainty is affecting many clients.

In such times we need to recognise the risks such uncertainty brings and to mitigate against them. We have not deviated from our original regulatory business plan.

We operate within both the board and regulatory risk appetites, and we achieved this by enhancing our operational resilience.

Challenging times create opportunities

It is my belief that these challenging times will present greater opportunities to support our client base.

I am delighted that we have again largely achieved our targets. We have increased the number of customers and staff and we have built the balance sheet, culminating in a small but acceptable profit for a bank so young.

As I mentioned last year, further investment is needed in IT, infrastructure and, most importantly, in our staff. This will be critical as we seek to build our positive story and continue to operate at or around break even during 2019-2020.

We will also continue to consider further new products, territories and sectors to enhance the current offer.

Customer lending

This year, we achieved growth in customer lending in line with our strategy, expectations and appetite.

Over the year ending April 2019, saw business finance volumes nearing £1bn for the first time and lending asset balances of £434m. This represents approximately 44% growth year on year.

Many of our customers have benefited from the service that we provide to the extent that they are repeat customers.

We continue to benefit from introductions through GFG, our shareholder's collective group of companies. We work with the GFG supply chain to support working capital requirements.

More importantly, we have continued to develop new business streams through trade finance, asset-based lending and asset finance to third parties.

To support this growth, we have opened regional offices in Leeds and Cardiff to get close to our potential customers. Over time, this will provide more balance across our business.

As we develop, we will support more customers in the mid-market. We will take a customer driven, approach to trade and working capital financing, whilst managing our risk.

We will focus on a select group of sectors: commodities, aerospace, automotive, energy and renewables, steel and aluminium, and the food and beverage sectors.

We will continue to enhance our customer management capabilities, systems and processes and use messages that are simple and easy to understand.

Our aim is to develop long-term relationships that are global in nature.

Customer deposits

We have also continued to evolve our UK deposit offering through a number of routes to market for notice and fixed-rate term deposits.

Our offer is simple and the customer experience well received. Customer retention in our first year was strong. We have more than 15,000 UK savers, which is growing every day.

We have previously offered deposit services to customers in Germany. Given the changes in the regulatory environment, in anticipation of Brexit, we have decided to exit this market in an orderly manner.

In total, the Bank has £726 million across all savings products.

Service quality

We continue to grow the team and invest in the core systems. We do this to ensure the quality of service and the speed of funding to customers remain at the heart of our offer.

The executive team has placed a strong emphasis in the year on developing IT systems, processes and people. This investment will continue into the current financial year.

Property investment

In 2018 we purchased an investment property in central London to accommodate our expected growth. Additional refurbishment work is required to bring the property up to a suitable standard. In the meantime, surplus space has been let out to third parties and GFG Alliance tenants generating rental income.



IAIN HUNTER
CEO





Board and management

While the board has been stable over the past twelve months, recent changes post year-end have seen John Howland Jackson, Simon Grenfell and Neil Sawbridge stepping down from the board during the first quarter of this financial year.

We wish our fellow board members every success as they seek new ventures. In particular, we would like to thank John Howland Jackson, who chaired the Bank from December 2016 until September 2018, for his exceptional leadership during our formative years.

We will be conducting a search for an additional Independent Non-Executive Director.

Board members



John Crompton, * Non-Executive Director and Chairman

John Crompton, formerly of Morgan Stanley and HSBC, has spent over 30 years in banking and capital markets. He began his banking career with Morgan Stanley, in London, New York and Hong Kong. He also worked for HM Treasury including roles as senior corporate finance advisor, and as Head of Market Investments at UKFI.



Ian Gomes, * Non-Executive Director and Chairman of the Audit Committee

Ian Gomes spent his professional career with KPMG with 23 years at Partner level with wide ranging depth and breadth of client facing and senior roles in the UK, Middle East and India.

He has substantial financial services experience as auditor and advisor besides leading forensic investigations for regulatory authorities. He is a Fellow of the Institute of Chartered Accountants in England and Wales



Jay Hambro, Non-Executive Director

Jay is presently the Chief Investment Officer of the GFG Alliance and Chief Executive Officer of Mining and Energy of SIMEC. He was formerly the Executive Chairman of IRC limited, the Hong Kong listed Sino-Russian industrial commodities producer.

He is a Fellow of the Institute of Materials, Minerals and Mining and an Independent Non-Executive Director of IRC limited and Cellmark AB. He holds a Bachelor of Arts in Business Management and is a liveryman of the Worshipful Company of Goldsmiths.



Iain Hunter, Director and CEO

Iain joined the Bank as Chief Executive Officer in September 2015 having previously held several senior management roles within CIT Bank limited including the roles of Chief Executive Officer and Chief Risk Officer.

He is an experienced, energetic and driven business leader who has successfully delivered business plans supporting a multitude of asset classes and liability strategies often within a significant change management environment.



Stephen Reid, * Non-Executive Director

Steve has spent his entire career in the financial services industry. During this time, he has held executive roles with the Woolwich Building Society, Barclays Bank, National Australia Group Europe and as CEO of Allied Irish Bank (UK). Steve is a fellow of the Chartered Institute of Bankers in Scotland.

In particular, he has extensive retail banking experience with a strong focus on managing credit, operational and conduct risk complimented by a keen commercial acumen. He also has a deep understanding of how to deliver customer-friendly processes and propositions and in embedding customer centric values across organisations.



David Smith, * Non-Executive Director and Chair of Risk Committee

A seasoned international banker with extensive business and risk management experience gained in a 29 year career with Citigroup. David reached the highest level of credit approval authority within Citigroup and was actively involved in the development of credit policy, as well as in risk management training.

He set up and ran a risk management training and consulting business for 10 years. David currently acts as an Independent Non-Executive Director. He is a natural leader and strategic thinker with broad international and emerging market experience. He has strong interpersonal and excellent communication skills and enjoys working in diverse cultural environments.

* independents



Management team



David Locking, Managing Director, Working Capital Solutions

David is a senior banker with nearly 40 years' experience gained, including in multi-product and client coverage roles, at a number of global financial institutions where he has both built and led businesses and teams including during periods of significant change.

David has a broad international background drawn from UK, continental European, US, African and Asian organisations.



Ian Flaxman, Managing Director, Asset Based Lending

Ian has extensive leadership experience in the Invoice Finance and Asset Based Lending industry having held senior roles with National Australia Group, Credit Agricole, Aldermore and HSBC.



Jim Higginbotham, Managing Director, Asset Finance

Jim has over 25 years' experience in the finance industry across multiple blue chip firms in the UK and Europe in both risk and commercial leadership roles. Before joining Wyelands Bank Jim headed up the Large Structured Asset Finance and Corporate ABL division of Lombard /RBS.



Stephen Rose, Deputy CEO and Executive Director

Stephen is a chartered accountant with nearly 30 years' experience in financial services. Stephen has worked in senior finance and change roles in banking, insurance, and asset finance, both in regulated public companies and for a private family group. Stephen has been an approved Board director in the UK, continental Europe, Australia and North America.



Tim Snow, Chief Risk Officer

Tim joined Wyelands Bank as Chief Risk Officer in April 2017 from Moody's Investors Service where he was a senior lead analyst in the leveraged finance team.

Tim has broad experience in a wide range of functional areas, with an emphasis on credit risk management, gained with institutions including CIT Bank Limited, WestLB, Intesa SanPaolo Group and National Westminster Bank.



Rachelle Frewer, Chief Financial Officer

Rachelle has over 20 years' of financial sector experience gained in UK, Europe and Asia, in roles in finance, treasury, corporate affairs and risk in global financial institutions including Standard Chartered Bank and HSBC. Most recently Rachelle was Deputy CFO at C. Hoare & Co and prior to that was Finance Director for the Commercial Division at Close Brothers. Rachelle qualified as a Chartered Accountant at KPMG.



6. INCOME STATEMENT

Consolidated statement of comprehensive income for the year ended 30th April 2019

	30 April 2019 £'000	30 April 2018 £'000
Interest receivable and similar income	29,916	17,248
Interest payable and similar charges	(11,384)	(4,921)
Net interest income	18,532	12,327
Fees and commissions receivable	419	-
Fees and commissions payable	(1,484)	(1,402)
Mark to market and foreign exchange losses	(3,045)	(2,835)
Rental income	2,521	-
Operating income	16,943	8,090
Administrative expenses	(12,373)	(7,809)
Depreciation and amortisation	(1,100)	(242)
Total operating expenses	(13,473)	(8,051)
Expected credit loss on financial assets	(1,792)	-
Impairment losses on Investment property	(1,209)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	469	39
Tax on Profit on ordinary activities	(457)	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	12	39
Other comprehensive income/(expense)		
Items that are or may be reclassified subsequently to profit or loss	-	-
Changes in the fair value of equity investments at fair value through other comprehensive income	34	(95)
Total Comprehensive income/(expense) for the year	46	(56)

7. STATEMENT OF FINANCIAL POSITION

Statement of financial position as at 30th April 2019

	30 April 2019 £'000	1 May 2018* £'000
ASSETS		
Cash and cash equivalents	232,867	65,608
Financial assets designated at fair value through profit and loss	40,613	101,956
Financial assets designated at fair value through other comprehensive income	71,615	76,904
Financial assets held at amortised cost	9,456	-
Loans and advances to customers	433,759	299,108
Derivative financial assets	506	213
Tangible assets	345	52
Investment property	62,400	-
Intangible assets	1,377	1,802
Other assets	2,315	57,919
Prepayments and accrued income	789	960
Total Assets	856,042	604,522
LIABILITIES		
Current Liabilities		
Customer deposits	726,678	506,293
Other liabilities	1,572	635
Derivative financial liabilities	1,784	3,206
Accruals	4,289	2,715
Total Liabilities	734,323	512,849
EQUITY		
Called up share capital	132,998	102,998
Other reserve	(70)	(103)
Accumulated losses	(11,210)	(11,222)
Total Equity	121,718	91,673
TOTAL LIABILITIES AND EQUITY	856,042	604,522

*The Group and Company adopted IFRS9 on 1 May 2018



Wyelands Bank



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