

# **Bristol & West plc**

## **Interim Report for the six months ended 30 June 2017**



**REGISTERED NUMBER 2124201**

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The Directors present their Interim Management Report and the unaudited interim financial statements (the 'interim financial statements') of Bristol & West plc (the 'Company') for the six months ended 30 June 2017.

**Business Commentary**

The Company continues to hold interest bearing cash deposits with the Bank of Ireland Group (the 'BoI Group'), in order to meet its liabilities as they fall due, including the payment of future preference share dividends. No material changes to this position are expected in the second half of the financial year.

The Company made a profit before taxation of £554,000 in the six months ended 30 June 2017 (loss before tax for the six months ended 30 June 2016: £340,000).

No ordinary share dividends were declared or paid during the six months ended 30 June 2017 (year ended 31 December 2016: £nil).

The preference shares carry a mandatory coupon rate of 8.125% and are classified as financial liabilities. The dividends on these preference shares are recognised in the statement of comprehensive income as interest expense.

**Principal Risks and Uncertainties**

The Company considers its strategic, operational and financial risks and identifies actions to mitigate these risks and uncertainties. There has been no significant change to the principal risks and uncertainties faced by the Company since 31 December 2016. Details of the Company's risk management strategy are set out on page 4 of the Company's Annual Report for the year ended 31 December 2016. Details of the Company's risk profile are set out on pages 28 to 31 of the Company's Annual Report for the year ended 31 December 2016.

Given the limited nature of the Company's activities, the principal risk that the Company faces is the inability to access funds in order to settle its liabilities as they fall due. Secure funding arrangements are in place to mitigate against this risk.

On 27 April 2016, a court judgment was issued in favour of Her Majesty's Revenue and Customs (HMRC) in respect of an appeal that the Company had taken against an adverse court judgement issued in 2013 pertaining to a tax dispute involving the Company. Professional fees of £800,000 associated with the dispute were recognised during the year ended 31 December 2016 and reaccrued in the period ended 30 June 2017.

IFRS 9 is a new accounting standard to be implemented in 2018. It introduces a forward looking expected credit loss model which will lead to changes in the timing of recognition of impairment provisions. The Company expects that IFRS 9 is likely to have an impact on its reported financial position and the Company is currently assessing the nature and extent of those impacts. Further detail on the Bank of Ireland Group's IFRS 9 Programme as managed by the Ultimate Parent is set out in the Risk Management Report of the Bank of Ireland Group's Annual Report for the year ended 31 December 2016 and Interim Report for the half year ended 30 June 2017..

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**BRISTOL & WEST PLC**

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**INTERIM MANAGEMENT REPORT**

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**Directors and secretary**

The names of the persons who served as Directors of the Company at any time during the six months ended 30 June 2017 and up to the date of the approval of the interim financial statements are set out below. Except where indicated, they served as Directors for the entire period.

Desmond E Crowley  
Andrew G Keating  
Thomas McAreavey

Company Secretary  
Hill Wilson Secretarial Limited

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**BRISTOL & WEST PLC**

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**RESPONSIBILITY STATEMENT**

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The Directors are responsible for preparing the Interim Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority ('DTR') and with International Accounting Standard 34 on Interim Financial Reporting (IAS 34).

The Directors confirm that the interim financial statements have been prepared in accordance with IAS 34 and that they give a true and fair view of the assets, liabilities, financial position and loss/profit of the Company and that as required by DTR 4.2.4, DTR 4.2.7 and DTR 4.2.8, the Interim Report includes a fair review of:

- important events that have occurred during the first six months of the year;
- the impact of those events on the financial statements;
- a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- details of any related party transactions that have materially affected the Company's financial position or performance in the six months ended 30 June 2017 or material changes to related party transactions described in the Annual Report for the year ended 31 December 2016.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Board

Desmond E Crowley  
Director  
06 September 2017

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**BRISTOL & WEST PLC**

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**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

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**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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|   |             | <b>6 months ended<br/>30 June 2017</b> | <b>6 months ended<br/>30 June 2016</b> | <b>Year ended<br/>31 December 2016</b> |
|---|-------------|--|--|--|
|   | <b>Note</b> | <b>£'000</b>                           | <b>£'000</b>                           | <b>£'000</b>                           |
| Interest income   | 4           | 1,878                                  | 1,929                                  | 3,827                                  |
| Interest expense  | 4           | <u>(1,324)</u>                         | <u>(1,324)</u>                         | <u>(2,491)</u>                         |
| <b>Net interest income</b>  |             | <b>554</b>                             | <b>605</b>                             | <b>1,336</b>                           |
| <b>Total operating income</b>   |             | <b>554</b>                             | <b>605</b>                             | <b>1,336</b>                           |
| Other operating expenses  | 5           | <u>-</u>                               | <u>(945)</u>                           | <u>(949)</u>                           |
| <b>Profit / (Loss) for the period<br/>and total comprehensive<br/>(expense)/ income before<br/>taxation</b> |             | <b>554</b>                             | <b>(340)</b>                           | <b>387</b>                             |
| Taxation  | 6           | <u>(364)</u>                           | <u>(341)</u>                           | <u>73</u>                              |
| <b>Profit / (Loss) for the period<br/>and total comprehensive<br/>(expense)/income</b>                      |             | <b><u>190</u></b>                      | <b><u>(681)</u></b>                    | <b><u>460</u></b>                      |

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**BRISTOL & WEST PLC**

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**BALANCE SHEET (UNAUDITED) AS AT 30 JUNE 2017**

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|                                     |      | As at<br>30 June 2017 | As at<br>31 December 2016 |
|-------------------------------------|------|-----------------------|---------------------------|
|                                     | Note | £'000                 | £'000                     |
| <b>Assets</b>                       |      |                       |                           |
| Loans and advances to banks         | 7    | 113,394               | 113,357                   |
| Other assets                        |      | 471                   | 471                       |
| <b>Total Assets</b>                 |      | <u>113,865</u>        | <u>113,828</u>            |
| <b>Liabilities</b>                  |      |                       |                           |
| Preference shares                   | 8    | 32,593                | 32,593                    |
| Amounts due to banks                | 9    | 6,808                 | 6,722                     |
| Amounts due to parent               | 10   | 70,000                | 70,000                    |
| Other liabilities                   | 11   | 1,191                 | 1,200                     |
| Current tax liabilities             |      | 270                   | 500                       |
| <b>Total Liabilities</b>            |      | <u>110,862</u>        | <u>111,015</u>            |
| <b>Equity</b>                       |      |                       |                           |
| Share capital                       | 12   | 50                    | 50                        |
| Retained earnings                   |      | 2,953                 | 2,763                     |
| <b>Total Equity</b>                 |      | <u>3,003</u>          | <u>2,813</u>              |
| <b>Total Equity and Liabilities</b> |      | <u>113,865</u>        | <u>113,828</u>            |

The interim financial statements were approved by the Board of Directors on 06 September 2017 and signed on its behalf by:

Desmond E Crowley  
Director  
06 September 2017

Company Registered Number 2124201

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**BRISTOL & WEST PLC**

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**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

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**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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|  | <b>6 months ended<br/>30 June 2017</b> | <b>6 months ended<br/>30 June 2016</b> | <b>Year ended 31<br/>December 2016</b> |
|--|--|--|--|
|  | <b>£'000</b>                           | <b>£'000</b>                           | <b>£'000</b>                           |
| <b>Share Capital</b>   |  |  |  |
| Balance at the beginning and at the end of the period                    | <u>50</u>                              | <u>50</u>                              | <u>50</u>                              |
| <b>Retained earnings</b>   |  |  |  |
| Balance at the beginning of the period                                   | 2,763                                  | 2,303                                  | 2,303                                  |
| Profit / (Loss) for the period and total comprehensive (expense)/ income | <u>190</u>                             | <u>(681)</u>                           | <u>460</u>                             |
| Balance at the end of the period   | <u>2,953</u>                           | <u>1,622</u>                           | <u>2,763</u>                           |
| <b>Total Equity</b>  | <u><u>3,003</u></u>                    | <u><u>1,672</u></u>                    | <u><u>2,813</u></u>                    |



**BRISTOL & WEST PLC**  
**CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

|  |      | 6 months ended<br>30 June 2017 | 6 months ended<br>30 June 2016 | Year ended<br>31 December 2016 |
|--|------|--------------------------------|--------------------------------|--------------------------------|
|  | Note | £'000                          | £'000                          | £'000                          |
| <b>Cash flow from operating activities</b>   |      |                                |                                |                                |
| (Loss)/Profit before taxation  |      | 554                            | (340)                          | 387                            |
| Interest expense on preference shares  |      | 1,324                          | 1,324                          | 2,491                          |
|  |      | <u>1,878</u>                   | <u>984</u>                     | <u>2,878</u>                   |
| <b>Cash flows from operating activities before changes in operating assets and liabilities</b> |      |                                |                                |                                |
| Net change in loans and advances to banks  |      | (37)                           | (88)                           | (147)                          |
| Net change in other assets   |      | (1)                            | -                              | (1)                            |
| Net change in amounts due to banks   |      | 87                             | 11                             | 3,349                          |
| Net change in other liabilities  |      | (9)                            | 806                            | (2,567)                        |
| <b>Net cash generated from operating assets and liabilities</b>                                |      | <u>40</u>                      | <u>729</u>                     | <u>634</u>                     |
| <b>Net cash generated from operating activities before taxation</b>                            |      | <u>1,918</u>                   | <u>1,713</u>                   | <u>3,512</u>                   |
| Taxation paid  |      | (594)                          | (389)                          | (864)                          |
| <b>Net cash generated from operating activities</b>  |      | <u>1,324</u>                   | <u>1,324</u>                   | <u>2,648</u>                   |
| <b>Financing activities</b>  |      |                                |                                |                                |
| Interest paid on preference shares   |      | (1,324)                        | (1,324)                        | (2,648)                        |
| <b>Net (decrease) / increase in cash and cash equivalents</b>                                  |      | -                              | -                              | -                              |
| Opening cash and cash equivalents  | 7    | <u>11,653</u>                  | <u>11,653</u>                  | <u>11,653</u>                  |
| <b>Closing cash and cash equivalents</b>   | 7    | <u><u>11,653</u></u>           | <u><u>11,653</u></u>           | <u><u>11,653</u></u>           |

The notes on pages 10 to 19 form an integral part of the interim financial statements.

## **1. BASIS OF PREPARATION**

### **1.1 Basis of preparation**

The interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority (DTR) and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. These interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016, which were prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) interpretations endorsed by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

### **1.2 Statutory accounts**

The interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial statements for the year ended 31 December 2016 were approved by the Board of Directors on 03 April 2017 and filed with the Registrar of Companies on 04 May 2017. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

### **1.3 Going concern**

The time period that the Directors have considered in evaluating the appropriateness of the going concern basis in preparing the interim financial statements for the six months ended 30 June 2017 is a period of twelve months from the date of approval of the interim financial statements ('the period of assessment').

#### **Context**

The Company is a direct subsidiary of Bank of Ireland UK Holdings plc whose ultimate parent is the Governor and Company of the Bank of Ireland. A corporate reorganisation of the Bank of Ireland Group became effective on 7 July 2017 which resulted in Bank of Ireland Group plc being introduced as the holding company of the Bank of Ireland Group and ultimate holding company of the Company (see Note 18). The Directors have considered the going concern of the Company and to the extent that the Company is dependent on the BoI Group for funding, have considered the going concern assessment of the BoI Group.

#### **Considerations specific to the Company**

##### **Profitability**

The Company made a profit after taxation of £190,000 (Dec 16: loss of £681,000 due to one off administration costs). The Company holds interest bearing cash deposits in order to meet its liabilities, principally the payment of future preference share dividends. The Company has enough distributable reserves to meet these obligations and to cover its costs. The Directors are satisfied that the Company will continue to be profitable for the period of assessment. Profitability depends on the continued interest-free funding provided by the parent company and this is considered below.

##### **Capital**

At 30 June 2017 the Company had total equity of £3,003,000, comprising share capital of £50,000 and retained earnings of £2,953,000. The Company has an interest-free loan of £70 million from its parent, Bank of Ireland UK Holdings plc, which provides funding to ensure that future financial obligations can be met. To ensure that these financial obligations can be met, there are a number of safeguards in place, as referred to in the liquidity and funding section of this note, which have been considered by the Directors in assessing the capital position of the Company.

**1. BASIS OF PREPARATION (Continued)****1.3 Going concern (continued)****Liquidity and funding**

The primary, external (non-BoI Group) liability of the Company is the payment of dividends on its preference shares and the repayment of the preference shares. The Company has an interest-free loan of £70 million from its parent Bank of Ireland UK Holdings plc, and the Directors have obtained representation from the Governor and Company of the Bank of Ireland that sufficient funds will be made available by the Governor and Company of the Bank of Ireland to ensure the Company can meet its obligations as they fall due during the period of assessment.

In the event of the loan being recalled by the parent, the Directors have noted the agreement in place between the Company and the Governor and Company of the Bank of Ireland to meet the financial obligations of the Company, and are satisfied that funding will be available from the Governor and Company of the Bank of Ireland.

The Company has placed the loan from its parent on perpetual deposit with the Governor and Company of the Bank of Ireland, and this deposit earns sufficient interest to meet its liabilities over the period of assessment.

**Going concern assessment of the BoI Group**

The Company is reliant on the BoI Group for liquidity and funding.

The Court of Directors of the Governor and Company of the Bank of Ireland has concluded it is appropriate to prepare its interim financial statements for the six months ended 30 June 2017 on a going concern basis. Details of this going concern assessment are set out on page 61 of the BoI Group's Interim Report for the six months ended 30 June 2017.

**Conclusion**

On the basis of the above assessments regarding the Company's capital and liquidity requirements and its profitability, and given that the BoI Group's interim financial statements for the six months ended 30 June 2017 have been prepared on a going concern basis, the Directors consider it appropriate to prepare the financial statements of the Company on a going concern basis having concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment.

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**BRISTOL & WEST PLC**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

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**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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**2. ACCOUNTING POLICIES**

The accounting policies and methods of computation and presentation applied by the Company in the preparation of the interim financial statements are consistent with those set out on pages 20 of the Company's Annual Report for the year ended 31 December 2016.

**Recently adopted accounting pronouncements**

There have been no new standards or amendments to standards adopted by the Company during the six months ended 30 June 2017.

**2.1 Comparatives**

Comparative figures have been adjusted, where necessary, to conform with changes in presentation or where additional analysis has been provided in the current period.

**2.2 Critical accounting estimates and judgements**

The preparation of the interim financial statements requires the Company to make estimates and judgements that impact the reported amounts of assets and liabilities, income and expense. There have been no significant changes to the Company's approach to, and methods of, making critical accounting estimates and judgements compared to those applied at 31 December 2016, as set out on page 20 of the Company's Annual Report for the year ended 31 December 2016.

**3. OPERATING SEGMENTS**

The Company operates in one business segment; therefore a business segments note is not presented. All of the Company's business is in the UK.

**4. INTEREST INCOME AND INTEREST EXPENSE**

|                                      | <b>6 months ended<br/>30 June 2017<br/>£'000</b> | <b>6 months ended<br/>30 June 2016<br/>£'000</b> | <b>Year ended<br/>31 December 2016<br/>£'000</b> |
|--------------------------------------|--|--|--|
| <b>Interest Income</b>               |  |  |  |
| Amounts due from ultimate parent     | 1,878  | 1,929  | 3,827  |
| <b>Interest Expense</b>              |  |  |  |
| Preference share dividends           | 1,324  | 1,324  | 2,648  |
| Unclaimed preference share dividends | -  | -  | (157)  |
|                                      | <u>1,324</u>                                     | <u>1,324</u>                                     | <u>2,491</u>                                     |

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**BRISTOL & WEST PLC**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

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**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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**5. OTHER OPERATING EXPENSES**

|                                   | <b>6 months ended<br/>30 June 2017<br/>£'000</b> | <b>6 months ended<br/>30 June 2016<br/>£'000</b> | <b>Year ended<br/>31 December 2016<br/>£'000</b> |
|-----------------------------------|--|--|--|
| Professional fees – tax and legal | -  | 945  | 949  |
|                                   | <u>-</u>   | <u>945</u>                                       | <u>949</u>                                       |

Professional Fees of £0.9m in the prior period relate to the Company's legal dispute with HMRC

**6. TAXATION**

|                                       | <b>6 months ended<br/>30 June 2017<br/>£'000</b> | <b>6 months ended<br/>30 June 2016<br/>£'000</b> | <b>Year ended<br/>31 December 2016<br/>£'000</b> |
|---------------------------------------|--|--|--|
| <b>Current tax:</b>                   |  |  |  |
| UK Corporation tax                    | 362  | 357  | 765  |
| Adjustments in respect of prior years | 2  | (16)   | (838)  |
|                                       | <u>364</u>                                       | <u>341</u>                                       | <u>(73)</u>                                      |

**7. LOANS AND ADVANCES TO BANKS**

|  | <b>As at<br/>30 June 2017<br/>£'000</b> | <b>As at<br/>31 December 2016<br/>£'000</b> |
|--|---|---|
| Due from the ultimate parent:                    |   |   |
| Maturity < 3 months included in cash equivalents | 11,653                                  | 11,653                                      |
| Maturity >3 months                               | <u>101,741</u>                          | <u>101,704</u>                              |
|  | <u>113,394</u>                          | <u>113,357</u>                              |
| Maturity >3 months analysed as follows:          |   |   |
| Perpetual deposit with interest rate of 5.5%     | 66,936                                  | 66,936                                      |
| Rolling deposit with floating rate               | <u>34,805</u>                           | <u>34,768</u>                               |
|  | <u>101,741</u>                          | <u>101,704</u>                              |

Loans and advances to banks with a contractual maturity date of less than twelve months from the balance sheet date total £11.7 million (31 December 2016: £11.7 million).

All amounts are unsecured.

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**BRISTOL & WEST PLC**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

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**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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**8. PREFERENCE SHARES**

|                   | <b>Rate</b> | <b>As at<br/>30 June 2017<br/>£'000</b> | <b>As at<br/>31 December 2016<br/>£'000</b> |
|-------------------|-------------|---|---|
|                   | <b>%</b>    |   |   |
| Preference Shares | 8.125       | <u>32,593</u>                           | <u>32,593</u>                               |

The preference shares, which are non-redeemable, non-equity shares, rank equally amongst themselves with regard to participation in profits and in priority to the ordinary shares of the Company.

**9. AMOUNTS DUE TO BANKS**

|                                    | <b>As at<br/>30 June 2017<br/>£'000</b> | <b>As at<br/>31 December 2016<br/>£'000</b> |
|------------------------------------|---|---|
| Amounts due to the ultimate Parent | <u>6,808</u>                            | <u>6,722</u>                                |

Amounts due to the ultimate Parent at 30 June 2017 reflect payments made during the period. All amounts are non-interest bearing, unsecured and with no fixed repayment date.

**10. AMOUNTS DUE TO PARENT**

|                       | <b>As at<br/>30 June 2017<br/>£'000</b> | <b>As at<br/>31 December 2016<br/>£'000</b> |
|-----------------------|---|---|
| Amounts due to parent | <u>70,000</u>                           | <u>70,000</u>                               |

This amount represents an intercompany balance of £70 million from the Parent Company, Bank of Ireland UK Holdings plc. This amount is interest-free, does not have a fixed term and is repayable on demand.

**11. OTHER LIABILITIES**

|                                      | <b>As at<br/>30 June 2017<br/>£'000</b> | <b>As at<br/>31 December 2016<br/>£'000</b> |
|--------------------------------------|---|---|
| Accrued interest payable             | 331                                     | 331   |
| Unclaimed preference share dividends | 28                                      | 28  |
| Other                                | 832                                     | 841   |
|                                      | <u>1,191</u>                            | <u>1,200</u>                                |

Other includes professional fees of £0.8m in relation to an adverse court ruling involving the Company and HMRC in the prior year.

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**BRISTOL & WEST PLC**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

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**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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**12. SHARE CAPITAL**

|  | <b>As at<br/>30 June 2017</b> | <b>As at<br/>31 December 2016</b> |
|--|-------------------------------|-----------------------------------|
|  | <b>£'000</b>                  | <b>£'000</b>                      |
| Allotted and fully paid                        |                               |                                   |
| 100,000 units of ordinary shares of £0.50 each | <u>50</u>                     | <u>50</u>                         |

**13. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where possible, the Company calculates fair value using observable market prices. Where market prices are not available, fair values are determined using valuation techniques which may include discounted cash flow models or comparisons to instruments with characteristics either identical or similar to those of the instruments held by the Company or at recent arm's length market transactions. These fair values are classified within a three-level fair value hierarchy, based on the inputs used to value the instrument. Where the inputs might be categorised within different levels of the fair value hierarchy, the fair value measurement in its entirety is categorised in the same level of the hierarchy as the lowest level input that is significant to the entire measurement. The levels are defined as:

**Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2** inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3** inputs are unobservable inputs for the asset or liability.

Transfers between different levels are assessed at the end of all reporting periods. During the period ended 30 June 2017 and the year ended 31 December 2016 there were no transfers between different levels.

Items where the carrying value is a reasonable approximation of fair value are not included, as permitted by IFRS 7. This applies to the Company's other assets; amounts due to banks; amounts due to parent; and other liabilities.

All financial instruments are initially recognised at fair value and subsequently measured at amortised cost.

A description of the methods, assumptions and processes used to calculate the fair value of these assets and liabilities is set out on page 26 of the Company's Annual Report for the year ended 31 December 2016. At 30 June 2017, there has been no significant change to those methods, assumptions or processes.

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**BRISTOL & WEST PLC**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

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**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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**13. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**

As at 30 June 2017

|  | Quoted prices<br>in active<br>market | Valuation<br>techniques<br>observable<br>Inputs<br>Level 2<br>£'000 | Valuation<br>techniques<br>unobservable<br>Inputs<br>Level 3<br>£'000 | Total<br>£'000 |
|--|--------------------------------------|---|---|----------------|
| <b>Fair value of financial assets<br/>held at amortised cost</b> |                                      |   |   |                |
| Loans and advances to banks                                      | -                                    | 155,248   | -   | 155,248        |
| Total  | -                                    | 155,248   | -   | 155,248        |

**Fair value of financial liabilities  
held at amortised cost**

|                   |        |   |   |        |
|-------------------|--------|---|---|--------|
| Preference shares | 44,083 | - | - | 44,083 |
|                   | 44,083 | - | - | 44,083 |

As at 31 December 2016

|  | Quoted prices<br>in active<br>market | Valuation<br>techniques<br>observable<br>Inputs<br>Level 2<br>£'000 | Valuation<br>techniques<br>unobservable<br>Inputs<br>Level 3<br>£'000 | Total<br>£'000 |
|--|--------------------------------------|---|---|----------------|
| <b>Fair value of financial assets<br/>held at amortised cost</b> |                                      |   |   |                |
| Loans and advances to banks                                      | -                                    | 139,733   | -   | 139,733        |
| Total  | -                                    | 139,733   | -   | 139,733        |

**Fair value of financial liabilities  
held at amortised cost**

|                   |        |   |   |        |
|-------------------|--------|---|---|--------|
| Preference shares | 41,394 | - | - | 41,394 |
|                   | 41,394 | - | - | 41,394 |



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**BRISTOL & WEST PLC**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

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**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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**13. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**

The carrying amount and the fair value of the Company's financial assets and liabilities as at 30 June 2017 and 31 December 2016 are set out in the table below.

|                             |                   | <b>30 June 2017</b>                 |                                 | <b>31 December 2016</b>             |                                 |
|-----------------------------|-------------------|-------------------------------------|---------------------------------|-------------------------------------|---------------------------------|
|                             |                   | <b>Carrying<br/>value<br/>£'000</b> | <b>Fair<br/>value<br/>£'000</b> | <b>Carrying<br/>value<br/>£'000</b> | <b>Fair<br/>value<br/>£'000</b> |
| <b>Financial assets</b>     |                   |                                     |                                 |                                     |                                 |
| Loans and advances to banks | (Note 1<br>below) | 113,394                             | 155,248                         | 113,357                             | 139,733                         |
| Total                       |                   | <u>113,394</u>                      | <u>155,248</u>                  | <u>113,357</u>                      | <u>139,733</u>                  |

**Financial liabilities**

|                   |                   |               |               |               |               |
|-------------------|-------------------|---------------|---------------|---------------|---------------|
| Preference shares | (Note 2<br>below) | 32,593        | 44,083        | 32,593        | 41,394        |
| Total             |                   | <u>32,593</u> | <u>44,083</u> | <u>32,593</u> | <u>41,394</u> |

The following notes summarise the methods and assumptions used in estimating the fair values of financial instruments shown:

1. Loans and advances to banks
  - This comprises inter-bank placements.
  - The estimated fair value of fixed interest bearing deposits is based on discounted cash flows, using prevailing money-market interest rates for assets with similar credit risk and remaining maturity.
  - The increase in fair value from 31 December 2016 reflects movements in these rates during the period.
2. Preference shares

The fair values of these instruments are calculated based on quoted market prices where available (level 1 inputs). In the absence of quoted market prices, the fair values are calculated based on quoted broker prices (level 2 inputs).

**14. EQUITY DIVIDENDS**

No ordinary share dividends were declared or paid during the period (year ended 31 December 2016: £nil).

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**BRISTOL & WEST PLC**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

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**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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**15. RELATED PARTY TRANSACTIONS**

The tables below detail balances outstanding at the end of the period with related parties, and movements in these balances during the period.

|                                | Ultimate Parent       |                           | Parent                |                           | Fellow BoI Group Companies |                           |
|--------------------------------|-----------------------|---------------------------|-----------------------|---------------------------|----------------------------|---------------------------|
|                                | 30 June 2017<br>£'000 | 31 December 2016<br>£'000 | 30 June 2017<br>£'000 | 31 December 2016<br>£'000 | 30 June 2017<br>£'000      | 31 December 2016<br>£'000 |
| <b>Assets</b>                  |                       |                           |                       |                           |                            |                           |
| At the beginning of the period | 113,828               | 113,682                   | -                     | -                         | -                          | -                         |
| Net amount advanced            | 37                    | 146                       | -                     | -                         | -                          | -                         |
| At the end of the period       | 113,865               | 113,828                   | -                     | -                         | -                          | -                         |
| Interest income                | 1,878                 | 3,827                     | -                     | -                         | -                          | -                         |
| <b>Liabilities</b>             |                       |                           |                       |                           |                            |                           |
| At the beginning of the period | 6,722                 | 3,373                     | 70,000                | 70,000                    | -                          | -                         |
| Net amount advanced            | 86                    | 3,349                     | -                     | -                         | -                          | -                         |
| At the end of the period       | 6,808                 | 6,722                     | 70,000                | 70,000                    | -                          | -                         |

There are no provisions in respect of any failure, or anticipated failure, to repay any of the above loans or interest thereon.

There are no transactions with key management personnel of the Company during the period (31 December 2016: no transactions).

**16. ULTIMATE PARENT COMPANY**

The Company is a wholly owned subsidiary of Bank of Ireland UK Holdings plc. The Company's ultimate parent company and controlling party is The Governor and Company of the Bank of Ireland, a corporation established in Ireland in 1783 under Royal Charter with a primary listing on the Irish Stock Exchange and a premium listing on the London Stock Exchange.

**17. REVIEW OF INTERIM FINANCIAL STATEMENTS**

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**BRISTOL & WEST PLC**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

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**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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The interim financial statements have not been reviewed or audited by the independent auditors of the Company.

**18. POST BALANCE SHEET EVENTS**

A corporate reorganisation of the Bank of Ireland Group was implemented by Scheme of Arrangement under the Companies Act 2014, which became effective on 7 July 2017 and which resulted in Bank of Ireland Group plc being introduced as the holding company of the Bank of Ireland Group and ultimate holding company of the Company.

There were no other significant post balance sheet events identified requiring disclosure prior to the approval of the financial statements.