

DIRECTORS' REPORT

The Directors' present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 March 2015. The Corporate Governance Statement set out on pages 37 to 40 forms part of this report.

The following information required by the Companies Act 2006 can be found in the following sections of the Annual Report, which are incorporated by reference into this report:

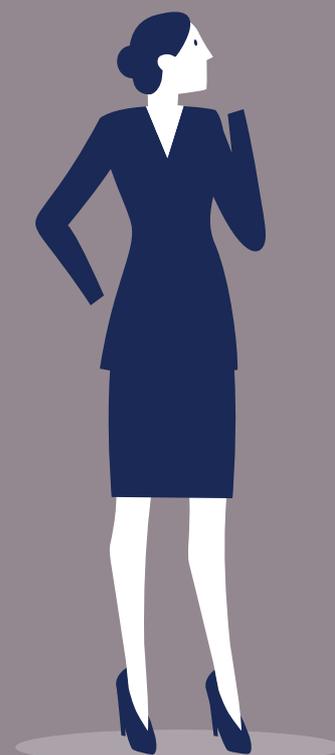
- a description of the principal activities of the Group during the course of the year, an indication of likely future developments in the business, boardroom diversity matters and the narrative on financial risk management objectives and policies are all included in the Strategic Report

- details of significant events since the balance sheet date are contained in note 24 to the financial statements
- information about the use of financial instruments by the Company and its subsidiaries is given in note 22 to the financial statements.

DIRECTORS

The Directors were as follows:

- Jonathan Britton
- Ronald Emerson
- Christopher Fox
- Colin Glass
- Teresa Graham
- Caroline Green
- Christina McComb
- Keith Morgan
- Ceri Smith
- Maria Turner
- Patrick Magee



DIRECTORS' BIOGRAPHIES



**Ron Emerson -
Non-executive Chair**

Ron brings a broad range of business skills and experience to the board. He spent his early career in international banking where he held a number of senior management positions, principally with Bank of America and Standard Chartered Bank, where he was a member of the Group management committee and Group Head of Corporate Banking. Since 1996 he has divided his time between non-executive directorships, business advisory work and as an active member of the Faculty of Management Studies at Oxford University, where he is an Associate Fellow.

As a non-executive he has served on a variety of boards ranging across listed (main board and AIM), private equity funded, large, high impact subsidiaries, private family owned, and regulated and unregulated sectors. He has also acted as a Senior Adviser at the Bank of England and the Financial Services Authority. He holds degrees from Manchester, Durham and Oxford universities.



**Christina McComb -
Senior Independent Director**

Christina has held a number of senior roles in public and private sector organisations and has a successful track record in private equity and Venture Capital investment. Supporting and advising growth businesses is at the heart of Christina's career. She is a former director of 3i plc and was a founder director in the Shareholder Executive. Christina currently holds a number of non-executive Board positions; she is Chairman of Engage Mutual Assurance, Senior Independent Director of Standard Life European Private Equity Trust plc and a Non-executive Director of Baronsmead VCT2 plc and Nexeon Limited. Christina has a BA Hons from London School of Economics and an MBA from London Business School.



**Jonathan Britton -
Independent Non-executive Director
- Audit Committee Chair**

Jonathan has extensive experience in banking, spanning corporate, SME and investment banking businesses. Jonathan is currently a Non-executive Director of ICICI Bank UK Limited and a Non-executive Director for Nomura European Holdings Limited, whose Audit Committee he also chairs. Since 2006, he has also been a Director of Sparks, a leading children's medical research charity, becoming Chairman in 2012. Most recently, he was Divisional Finance Director and Head of Strategy for the Wholesale Division at Lloyds Banking Group and prior to that, Global Controller and Head of Treasury at Barclays Bank plc from 2006 to 2008. He previously held senior posts in UBS's Investment Banking Business. Jonathan holds an MA in Engineering Science from Keble College, Oxford and is a qualified chartered accountant.



**Colin Glass -
Independent Non-executive Director**

Colin is a Chartered Accountant with his own practice, Winburn Glass Norfolk (WGN). He is or has been a Non-executive Director of several companies, some of which are quoted on AIM and which came out of the WGN portfolio. He has always been passionately interested in helping small businesses develop to their full potential. He was a Non-executive Director of Partnership Investment Finance (PIF), a fund set up, with funding from Europe and Barclays Bank, to support SMEs and social achievement in the areas of Yorkshire and The Humber. He acts as a mentor to early stage SMEs with high-growth potential. Through his deep interest and experience in SMEs, he was awarded the Star in Practice Award in 2006 from the West Yorkshire Society of Chartered Accountants and also was awarded Business Adviser of the Year in 2007 and Non-executive Director of the year in 2008 both by the Institute of Directors Yorkshire and Humber. In January 2011 he was awarded Non-executive Director of the Year in the Grant Thornton sponsored Quoted Company Awards for his work with AIM-quoted SMEs.



**Teresa Graham CBE -
Independent Non-executive Director -
Interim Risk Committee Chair**

Teresa graduated from Newcastle University. During her time working in a Big 4 accounting practice, she was seconded to the UK Government's Enterprise and Deregulation Unit. In March 1988 she was appointed to the Government's Deregulation Advisory Panel for a two year term and served through two decades of administrations. She was the first female winner of the Young Accountant of the Year Award for 1988 in recognition of her contribution to the small firms sector, her profession and work with Government. She was also the first female laureate of the Institute of Chartered Accountants. Teresa now works independently focusing on her three passions - strategic advice to ambitious, growing businesses, liberating these businesses from the fetters of red tape and The Lexi Cinema, a social enterprise, digital, boutique cinema in North London covenanting 100% of its profits to a charity in South Africa. She holds a number of appointments, including non-executive, mentoring and advisory roles in growth businesses.



**Caroline Green -
Independent Non-executive
Director**

Caroline is CFO and Head of Shared Services for the security and risk mitigation Company PGI Limited. She was previously Finance Director of the VC-backed engineering Group Arc Specialist Engineering Limited having previously spent 8 years in private equity, initially at 3i plc. She started her career at Xerox Corp where she spent 9 years in a variety of roles including supply chain, manufacturing and finance. Previously Caroline spent 5 years as a trustee of the MS Society and currently sits on the board of unseen (UK), the charity dedicated to eradication of human trafficking and slavery.

During the year the Nominations Committee of the Bank met and approved the appointments of our other independent Directors



Ceri Smith - Shareholder Representative Director

Ceri heads the British Business Bank and Public Data Group team in the Government's Shareholder Executive, and was responsible for the successful delivery of the British Business Bank. He has held a number of senior positions in BIS advising the Secretary of State on a range of issues including business finance, industrial strategy, infrastructure and the UK's employment law framework. Before joining that Department in 2007, Ceri was a senior official at HM Treasury. Previous responsibilities included developing the policy response to the events around Northern Rock, founding and leading the Treasury's SME taxation team, developing the Government's Enterprise Capital Fund Programme, and leading on issues around the financing of terrorism and serious crime in September 2001.



Maria Turner - Independent Non-executive Director

Maria was Risk Committee Chair until May 2015. She has over 27 years' risk experience managing risk in wholesale, retail, commercial and in investment banking businesses. Maria is currently Head of Market & Counterparty Credit Risk at Nordea Bank. She has Global Banking experience working in top tier US, European and Asian banks. Maria also held senior positions in other banking institutions including Chief Risk Officer at Mizuho International plc bank in London and Managing Director in Risk Management at JPMorgan, working in a number of roles and projects. Maria has a BSc Hons in Mathematics from the University of Newcastle-upon-Tyne and is a qualified Chartered Accountant.



Keith Morgan - Chief Executive Officer

Keith led the planning and establishment of the British Business Bank from January 2013, and was appointed Chief Executive Officer in December 2013. Prior to this, Keith was a Director and Head of Wholly-Owned Investments at UK Financial Investments, joining in 2009 to manage the UK Government's shareholdings in Bradford & Bingley, Northern Rock and Northern Rock Asset Management. Keith joined UKFI from Banco Santander where he was a Director of Sovereign Bancorp in the US, focusing on retail and SME strategy and the integration of Sovereign into Santander. He was previously Director of Strategy & Planning at Abbey National and a member of the Executive Committee, and also served as Chairman of Santander's Asset Management and Credit Card businesses in the UK. Before joining Abbey in 2004, Keith spent 18 years at LEK Consulting, where he was a partner specialising in financial services.



Christopher Fox - Chief Financial Officer and Head of Central Services, Executive Director

Christopher is Chief Financial Officer and is also responsible for central functions including HR, IT and Admin. Prior to joining the British Business Bank, Christopher was Head of Banking at UK Financial Investments, where he was responsible for overseeing HM Government's shareholdings in Lloyds Banking Group, Royal Bank of Scotland and UK Asset Resolution. He was also a Non-executive Director at UK Asset Resolution, Bradford & Bingley and NRAM. Christopher joined UKFI from UBS, where he gained extensive experience of financial services over nearly 20 years, having provided capital markets and investment banking advice to a range of governments and financial institutions around the world. He joined UBS in 1993 and is a qualified accountant.



Patrick Magee - Chief Operating Officer, Executive Director

Patrick joined the British Business Bank as Chief Operating Officer in October 2014. He had previously represented the Government's shareholder interests on its Board. Before joining the BIS Shareholder Executive in June 2012, Patrick was a Managing Director of corporate finance at JP Morgan Cazenove, having worked at the predecessor firms for almost 18 years. During his career Patrick has advised on a broad range of M&A, Capital Markets and Corporate Broking assignments for a range of clients in the General Industrial, Energy / Utility, Support Services and Financial Services areas. He has broad experience of working with companies which work closely with Government including banks, utilities and support services / infrastructure providers. Patrick also spent two years on secondment to the Panel for Takeovers and Mergers. During his time at the Shareholder Executive Patrick was involved in assisting with the establishment of The Green Deal Finance Company, the set-up and governance of the British Business Bank as well as work on a range of the companies in the Shareholder Executive portfolio.

APPOINTMENT AND REMOVAL OF DIRECTORS

The appointment and removal of Directors is set out in the Corporate Governance Statement found on page 37.

DIRECTORS' INDEMNITIES

The Company has granted indemnities to each of its Directors in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors to the extent permitted by law and the Company's Articles of Association. In discussion with our shareholder the Company will consider the provision of Directors' and Officers' liability insurance for the coming years.

GOING CONCERN

The Directors who served during the year have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements. Further details can be found in the principal accounting policies notes in the financial statements.

GREENHOUSE GAS EMISSIONS REPORTING

This Directors' Report does not include information on emissions of carbon dioxide. The British Business Bank plc leases two floors of office space and employed an average of 108 staff during the period since go-live on 1 November 2014. Prior to 1 November 2014 the Company did not have any designated office space or any employees. Therefore the cost of collecting information and estimating emissions is not considered to be proportionate to the benefit for this year.

AUDITORS

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors,



Keith Morgan
Chief Executive Officer
British Business Bank
13 July 2015

