

## Manchester Building Society Results for the 6 months ending 30 June 2019

	Unaudited 6 months to 30-Jun-19 £000	Unaudited 6 months to 30-Jun-18 £000	Audited 12 months to 31-Dec-18 £000
Total operating income	3,917	4,742	8,929
Administrative expenses and depreciation	(2,547)	(6,132)	(10,185)
Operating profit/(loss) before impairment	1,370	(1,390)	(1,256)
Impairment losses	(921)	(245)	313
Financial Services Compensation Scheme levy	5	6	6
Profit/(loss) for the period before taxation	454	(1,629)	(937)
Tax expense	-	-	-
Profit/(loss) for the period	454	(1,629)	(937)
Total assets	262,341	289,427	277,385

### 6 months results summary:

- Profit of £0.5m compared with a £1.6m loss in the equivalent period in 2018.
- Total operating income of £3.9m was £0.8m lower than in H1 2018. £0.4m of the reduction related to one-off benefits in 2018 whilst £0.4m resulted from lower balances and higher funding costs.
- Administrative expenses decreased by £3.6m compared with the same period in 2018. The reduction in costs was largely a result of lower fees in relation to the legal case against Grant Thornton (UK) LLP. The H1 2018 figure included £2.4m paid to Grant Thornton.
- Impairment losses in the period were £0.9m (H1 2018: £0.2m) owing to provision requirements within the Spanish lifetime portfolio.
- Total assets fell by 5% since 31 December 2018 and by 9% since 30 June 2018.
- The accounts for the 6 month period have been prepared on a going concern basis of accounting and, in line with previous accounts, set out a "material uncertainty" regarding the long term future of the Society.
- As at 30 June 2019 the Society met its Pillar 1 plus Pillar 2A requirement, but did not meet the qualitative standards for the level of Common Equity Tier 1 ("CET 1") regulatory capital.
- Following the Society's CET 1 capital falling below the required 4.5% of Risk Weighted Assets in 2018, a medium to long term strategic plan was produced which was independently reviewed and acknowledged by the PRA who agreed to monitor the Society against it. The plan was updated in July 2019.

- The Society continues to have a strong liquidity position.
- The Society continues to discuss the strategic future and capital position of the Society with the PRA.

### **Permanent Interest Bearing Share (“PIBS”) coupon payments October 2019**

On 28 March 2019 the Society announced the non-payment of the April 2019 coupon on its two tranches of PIBS. While no decision has been taken regarding the October 2019 coupon, payment is unlikely at this time. Any further non-payment of PIBS coupons will be announced to the market.

### **2019 Half Year Financial Information**

The accounts for the 6 months ending 30 June 2019 are available to view on the Society’s website:

<http://manchesterbuildingsociety.co.uk/Main/FinancialInformation>

### **Enquiries**

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