

Manchester Building Society Results for the 6 months ending 30 June 2017

	Unaudited 6 months to 30 June 2017	Unaudited 6 months to 30 June 2016	Audited 12 months to 31 December 2016
	£000	£000	£000
Total operating income	4,817	4,525	9,210
Administrative expenses and depreciation	(3,695)	(4,387)	(8,663)
Operating profit before impairment	1,122	138	547
Impairment losses	(1,718)	(1,430)	(3,448)
Financial Services Compensation Scheme levy	(102)	(108)	(67)
Loss for the period before taxation	(698)	(1,400)	(2,968)
Tax expense	-	-	(382)
Loss for the period	(698)	(1,400)	(3,350)
Total assets	336,310	379,697	382,304

6 months results summary:

- The increase in total operating income arose from the release of a £0.3m interest provision relating to remediation work being undertaken on the Society's second charge book, which is now largely complete.
- Administrative expenses reduced in the first half of 2017, as a result of lower levels of legal, professional and consultancy expenditure.
- Impairment losses in the period were £1.7m, which related in the main to an increase in the insurance risk on the Spanish loan book, mainly associated with lower growth rates included in an updated forecast of Spanish house price inflation.
- The Society's reserves fell by £0.7m as a result of the overall loss reported for the period.
- The accounts for the 6 month period have been prepared on a going concern basis of accounting and, in line with the 2016 year end accounts, set out a "material uncertainty" regarding the long term future of the Society.
- As at 30 June 2017 the Society met its Individual Capital Guidance ("ICG") in total capital terms, but will not meet the qualitative standards for the level of CET1 regulatory capital. Under CRD IV article 142, a Capital Conservation Plan was submitted to the PRA in October 2016, with an update in April 2017. These documents have been discussed with the PRA and they continue an open dialogue with the Society on future developments.
- The Society continues to have a strong liquidity position.

Permanent Interest Bearing Share ("PIBS") coupon payments October 2017

- On 14 March 2017, the Society announced that there was uncertainty over its ability to make coupon payments on its two tranches of PIBS after April 2017 given the risks facing the business, which were explained in the Society's 2016 Annual Report & Accounts. This uncertainty continues and whilst no decision has been taken regarding the October 2017 coupon payments presently, its payment is unlikely at this time.
- Any further non-payment of PIBS coupons will be announced to the market.

2017 Half Year Financial Information

The accounts for the 6 months ending 30 June 2017 are available to view on the Society's website:

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

Enquiries

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