

## Manchester Building Society Results for the Financial Year Ended 31 December 2015

Manchester Building Society Group ('the Society') today releases its financial results for the year ending 31 December 2015.

	12 months to 31 December 2015	12 months to 31 December 2014
	£m	£m
Operating Profit before impairment	2.9	4.7
Impairment losses	(3.2)	-
Financial Services Compensation Levy	(0.3)	(0.4)
(Loss)/profit on ordinary activities before tax	(0.6)	4.3
Tax	(4.3)	0.2
(Loss)/profit after tax	(4.9)	4.5

### Results summary:

- The decline in operating profit before impairment reflected the planned reduction in the size of the loan book and a £1.0m increase in the charge for potential regulatory non-compliance in two second charge portfolios, partially offset by the £0.7m profit achieved from the sale of a minority stake in a trade investment.
- Impairment losses comprise a £2.5m write down in the carrying value of the head office building and a £0.7m charge for loan book impairment.
- The tax charge of £4.3m is in respect of the de-recognition of deferred tax in light of the Group's reduced scale of future operations.
- The Society's reserves fell by £5.4m (2014: £3.9m increase).
- Further to the announcement on 18 March 2016, the accounts for the year have been prepared on a going concern basis of accounting and, as expected, set out a "material uncertainty" regarding the long term future of the Society. Accordingly, there are ongoing discussions with the Prudential Regulation Authority ("PRA") and other stakeholders regarding the development of a plan to secure the future of the Society and its strategic direction.

### Commenting on the results, David Harding, Chairman said:

"The Group continues to operate profitably on an underlying basis. However, as a consequence of the further reduction in the size of the business, the overall result for the year is a loss because we have written down the carrying value of our head office property and the deferred tax asset. We have also made additional provisions for our second charge portfolios acquired between 2003 and 2007.

Although there is uncertainty regarding the long-term future of the Society, we continue to put the best interests of our members first. The Board is developing a number of options which individually or in combination are reasonably expected to secure the future of the Society, to enable it to continue to meet capital requirements and to improve the quality of its regulatory capital."

### Annual Report and Accounts

The 2015 Annual Report and Accounts are available to view on the Society's website:

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

### Enquiries

Andy Donald - Maitland  
020 7379 5151  
[adonald@maitland.co.uk](mailto:adonald@maitland.co.uk)