

APPENDIX 1

Yorkshire Building Society

Reconciliation of Core Operating Profits

	2015	2014
	£m	£m
Statutory Profit before tax	173.3	188.2
Reverse out the following items:		
FSCS levy	11.5	12.4
Non-core investments	0.7	(11.2)
Timing differences - fair value volatility	5.8	22.1
Mergers - adjustments to balances acquired	(4.1)	(32.8)
Mergers and acquisitions - costs	-	0.1
Balance sheet structured debt buy back	-	-
Other non-core items	(1.9)	-
Core Operating Profit	185.3	178.8

Yorkshire Building Society

Group Income Statement for the year ended 31 December

	2015 £m	2014 £m
Net interest income	534.6	549.2
Other income and charges	18.0	25.6
Net losses from fair value volatility	(6.5)	(10.9)
Net realised profits	2.1	1.3
	548.2	565.2
Administrative expenses	(346.1)	(331.0)
Operating profit before provisions	202.1	234.2
Provisions	(28.8)	(46.0)
Profit before tax	173.3	188.2
Taxation	(34.8)	(40.8)
Profit for the period	138.5	147.4

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Group Statement of Comprehensive Income for the year ended 31 December

	2015 £m	2014 £m
Net profit	138.5	147.4
Items that may subsequently be reclassified to profit and loss		
<i>Available-for-sale investments:</i>		
Valuation gains/(losses) taken to equity	12.3	(3.1)
Amounts transferred to income statement (included in net realised profits)	(10.6)	(3.2)
Tax on available for sale securities	(0.3)	1.4
<i>Cash Flow hedges:</i>		
Gains/(losses) taken to equity	7.5	(43.4)
Amounts transferred to income statement (included in net realised profits)	7.1	3.6
Tax on cash flow hedge reserve	(3.0)	8.6
Effect of change in corporation tax rate	1.9	(0.7)
Items that will not be reclassified subsequently to profit and loss		
Remeasurement of net retirement benefit obligations	(9.5)	50.3
Tax relating to retirement benefit obligations	1.9	(11.0)
Effect of change in corporation tax rate	(3.3)	1.0
Effect of change in corporation tax rate on prior year movements in general reserves	2.1	-
Total comprehensive income for the year	144.6	150.9

Yorkshire Building Society

Group Statement of Financial Position as at 31 December

	2015 £m	2014 £m
ASSETS		
Liquid assets	4,404.7	4,794.7
Loans to customers	33,321.7	32,234.1
Derivative financial instruments	180.1	214.3
Other assets	312.1	328.9
Total Assets	38,218.6	37,572.0
LIABILITIES		
Shares	27,396.4	27,241.4
Borrowings	7,955.5	7,502.5
Derivative financial instruments	340.9	413.6
Other liabilities	128.1	147.8
Subordinated liabilities	286.1	299.5
Subscribed capital	6.7	6.9
Reserves	2,104.9	1,960.3
Total Liabilities	38,218.6	37,572.0

Key ratios

	2015 %	2014 %
Group net interest margin	1.41	1.52
Group management expenses/mean assets	0.91	0.92
Group asset growth	1.7	9.1
Group loans and advances growth	3.4	9.2
Member savings balances growth	0.6	3.6
Liquidity ratio	12.5	13.8
Funding ratio	22.5	21.6
Gross capital ratio	6.78	6.52
Free capital ratio	6.33	6.05
Total capital ratio	16.8	16.1
Common Equity Tier 1 capital ratio	14.5	13.8
Leverage ratio	5.0	4.8
Cost : income ratio	63.1	58.6