

Appendix 1

Yorkshire Building Society

Reconciliation of Core Operating Profits

	2013	2012
	£m	£m
Statutory Profit before tax	199.3	158.1
Reverse out the following items:		
FSCS levy	11.8	5.1
Non-core investments	(14.3)	(0.7)
Timing differences – fair value volatility	(1.6)	12.5
Mergers – adjustments to balances acquired	(93.5)	6.0
Mergers and acquisitions - costs	1.6	16.4
Mortgage book disposal	12.6	-
Balance sheet structured debt buy back	30.3	(61.9)
Other non-core items	5.8	1.7
Core Operating Profit	152.0	137.2

Yorkshire Building Society

Group Income Statement for the year ended 31 December 2013

	2013 £m	2012 £m
Net interest income	531.6	346.0
Other income and charges	37.6	48.3
Net gains/(losses) from fair value volatility	15.9	(11.8)
Net realised profits/(losses)	(41.7)	77.9
	543.4	460.4
Administrative expenses	(298.4)	(233.6)
Merger & acquisition costs	(1.6)	(16.4)
Operating profit before provisions	243.4	210.4
Provisions	(44.1)	(52.3)
Profit before taxation	199.3	158.1
Taxation	(51.2)	(34.2)
Profit for the year	148.1	123.9

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Group statement of comprehensive income for the year ended 31 December 2013

	2013 £m	2012 £m
Items that will subsequently be reclassified to profit and loss		
Available-for-sale investments:		
Valuation gains taken to equity	4.0	33.2
Amounts transferred to income statement (included in net realised profits)	(23.0)	(40.4)
Cash Flow hedges:		
Gains/(losses) taken to equity	68.3	(34.8)
Amounts transferred to income statement (included in net realised profits)	2.5	6.2
Tax relating to items that may be reclassified	(12.1)	7.2
Items that will not be reclassified subsequently to profit and loss		
Actuarial gain on retirement benefit obligations	(20.4)	(22.5)
Tax relating to items not reclassified	0.5	3.5
Net profit for the financial year	148.1	123.9
Total comprehensive income for the year	167.9	76.3

Yorkshire Building Society

Group statement of financial position as at 31 December 2013

	2013 £m	2012 £m
ASSETS		
Liquid assets	4,421.2	5,231.5
Loans to customers	29,515.8	27,572.4
Derivative financial instruments	273.0	380.6
Other assets	243.4	312.6
Total Assets	34,453.4	33,497.1
LIABILITIES		
Shares	26,290.3	26,817.5
Borrowings	5,916.4	4,171.1
Derivative financial instruments	194.8	517.4
Other liabilities	187.0	219.5
Subordinated liabilities	48.7	122.8
Subscribed capital	6.8	7.3
Reserves	1,809.4	1,641.5
Total Liabilities	34,453.4	33,497.1

Key ratios

	2013 %	2012 %
Group net interest margin	1.56	1.05
Group management expenses/mean assets	0.88	0.76
- excluding impact of merger/acquisition/closures	0.88	0.71
Cost:income ratio	55.2	54.3
Group asset growth	2.9	2.6
Group loans and advances growth	7.0	2.0
Member savings balances growth	(2.0)	3.2
Liquidity ratio	13.7	16.9
Funding ratio	18.4	13.5
Gross capital ratio	5.79	5.69
Free capital ratio	5.27	5.18
Solvency ratio	14.3	14.6
Core tier 1 capital ratio	13.9	13.6
Leverage ratio	4.6	4.8