

This announcement contains inside information

11 August 2016 07:00

Manchester Building Society's 2016 Interim Results

The Directors of Manchester Building Society (the "Society") announce that the Society is in the process of preparing its accounts for the 6 months ended 30 June 2016 and plan to issue them before the end of September.

The Directors expect that the accounts will show that there will be a loss for the 6 months. This is largely due to professional costs incurred in exploring options to secure the future of the Society given its Common Equity Tier 1 ("CET1") regulatory capital position and the ongoing run-off of the balance sheet. In addition, the Society has continued to incur costs in pursuing its claim against Grant Thornton LLP, the Society's previous external auditors.

The Directors expect that as at 30 June 2016 the Society will have met its Individual Capital Guidance ("ICG") set by the Prudential Regulation Authority but will not meet the qualitative standards for the level of CET1 regulatory capital.

In such circumstances, article 141(3) of the Capital Requirements Directive IV, as a capital conservation measure, prohibits a distribution in connection with CET1 capital and Additional Tier 1 instruments. This would prohibit the payment of interest on both tranches of the Society's Permanent Interest Bearing Shares ("PIBS").

As a result, the Directors expect that the PIBS coupons, scheduled to be paid in October this year, will not be paid.

The Society's liquidity position remains strong.

The person responsible for arranging the release of this announcement on behalf of Manchester Building Society is Christopher Gee, Society Secretary.

Enquiries

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