

# PRINCIPALITY

## Principality Building Society Group interim results for six months to 30 June 2006

	6 months to 30.06.06 (Unaudited) £m	6 months to 30.06.05 (Unaudited) £m	Year to 31.12.05 £m
<b>Results for the period</b>			
Net interest income	30.1	24.1	53.0
Other income and charges	14.9	10.1	23.4
Unrealised fair value gains and losses	0.2	0.3	0.3
Administrative expenses	(31.2)	(24.3)	(52.1)
Impairment losses on loans and advances	(3.0)	(0.5)	(2.0)
Profit before tax	<u>11.0</u>	<u>9.7</u>	<u>22.6</u>
Taxation	(3.4)	(2.9)	(7.0)
Profit for the period	<u><u>7.6</u></u>	<u><u>6.8</u></u>	<u><u>15.6</u></u>
<b>Financial position at the end of the period</b>			
<b>Assets</b>			
Liquid assets	860.1	780.6	803.6
Mortgages	3,742.6	3,396.1	3,515.0
Derivative financial instruments	7.7	7.5	8.0
Fair value adjustment for hedged risk on mortgages	(1.6)	10.3	7.2
Fixed assets and other assets	48.6	44.8	50.5
Total assets	<u><u>4,657.4</u></u>	<u><u>4,239.3</u></u>	<u><u>4,384.3</u></u>
<b>Liabilities</b>			
Shares	3,312.9	3,125.7	3,223.9
Borrowings	887.8	779.9	814.8
Derivative financial instruments	1.7	10.2	6.7
Fair value adjustment for hedged risk	2.3	6.1	6.7
Other liabilities	31.5	33.5	36.5
Subordinated debt	119.1	-	-
Subscribed capital	58.8	58.7	58.7
Reserves	243.3	225.2	237.0
Total liabilities	<u><u>4,657.4</u></u>	<u><u>4,239.3</u></u>	<u><u>4,384.3</u></u>

## Group interim results for six months to 30 June 2006 - continued

	6 months to 30.06.06 (Unaudited) £m	6 months to 30.06.05 (Unaudited) £m	Year to 31.12.05 £m
<b>Statement of recognised income and expense</b>			
Profit for the period	7.6	6.8	15.6
Recognition of adoption of IAS 32 and IAS 39	-	6.3	6.3
(Loss)/gains on revaluation of available-for-sale investments	(1.3)	1.0	0.5
Actuarial gain on retirement benefit obligation	-	-	5.0
Movement in deferred tax relating to retirement benefit obligations	-	-	(1.5)
<b>Total recognised income for the period</b>	<u>6.3</u>	<u>14.1</u>	<u>25.9</u>
<b>Cash Flow Statement</b>			
Cash flows from operating activities	(107.5)	18.1	43.5
Cash flows from investing activities	(11.8)	(10.1)	(35.8)
Cash flows from financing activities	119.1	-	-
Net increase / (decrease) in cash	<u>(0.2)</u>	<u>8.0</u>	<u>7.7</u>
Cash or cash equivalents at the start of the period	52.3	44.6	44.6
Cash or cash equivalents at the end of the period	52.0	52.6	52.3
<b>Key Results &amp; Ratios</b>			
Mortgage advances	<u>£ 623.1m</u>	<u>£ 446.7m</u>	<u>£ 965.6m</u>
Movement in share balances	<u>£ 89.0m</u>	<u>£ 113.7m</u>	<u>£ 211.9m</u>
Gross capital as a percentage of shares and borrowings	<u>10.0%</u>	<u>7.2%</u>	<u>7.3%</u>
Liquid assets as a percentage of shares and borrowings	<u>20.5%</u>	<u>20.0%</u>	<u>19.9%</u>