

## Statement of Changes in Equity

For the year ended 31 December 2017

Group	Share capital £m	Share premium £m	Capital contribution £m	Transfer reserve £m	Foreign exchange reserve £m	Available-for-sale reserve £m	Share-based payment reserve £m	Retained earnings £m	Equity bonds <sup>1</sup> £m	Total £m
<b>Balance at 1 January 2017</b>	<b>2.4</b>	<b>157.9</b>	<b>6.2</b>	<b>(12.8)</b>	<b>0.1</b>	<b>–</b>	<b>1.9</b>	<b>240.7</b>	<b>22.0</b>	<b>418.4</b>
Profit for the year	–	–	–	–	–	–	–	126.9	–	126.9
Coupon paid on equity bonds <sup>2</sup>	–	–	–	–	–	–	–	(2.7)	–	(2.7)
Dividends paid	–	–	–	–	–	–	–	(27.0)	–	(27.0)
Other comprehensive income	–	–	–	–	(0.3)	0.1	–	–	–	(0.2)
Share-based payments	–	0.5	0.2	–	–	–	3.1	0.2	–	4.0
Additional Tier 1 securities issuance <sup>3</sup>	–	–	–	–	–	–	–	(0.6)	60.0	59.4
<b>Balance at 31 December 2017</b>	<b>2.4</b>	<b>158.4</b>	<b>6.4</b>	<b>(12.8)</b>	<b>(0.2)</b>	<b>0.1</b>	<b>5.0</b>	<b>337.5</b>	<b>82.0</b>	<b>578.8</b>

Group

<b>Balance at 1 January 2016</b>	2.4	157.9	5.8	(12.8)	(0.8)	(0.1)	0.9	144.0	22.0	319.3
Profit for the year	–	–	–	–	–	–	–	120.9	–	120.9
Coupon paid on equity bonds <sup>2</sup>	–	–	–	–	–	–	–	(0.9)	–	(0.9)
Dividends paid	–	–	–	–	–	–	–	(23.3)	–	(23.3)
Other comprehensive income	–	–	–	–	0.9	0.1	–	–	–	1.0
Share-based payments	–	–	0.4	–	–	–	1.0	–	–	1.4
<b>Balance at 31 December 2016</b>	<b>2.4</b>	<b>157.9</b>	<b>6.2</b>	<b>(12.8)</b>	<b>0.1</b>	<b>–</b>	<b>1.9</b>	<b>240.7</b>	<b>22.0</b>	<b>418.4</b>

Bank

<b>Balance at 1 January 2017</b>	<b>2.4</b>	<b>157.9</b>	<b>5.9</b>	<b>(15.2)</b>	<b>–</b>	<b>–</b>	<b>1.9</b>	<b>175.3</b>	<b>22.0</b>	<b>350.2</b>
Profit for the year	–	–	–	–	–	–	–	91.9	–	91.9
Coupon paid on equity bonds <sup>2</sup>	–	–	–	–	–	–	–	(2.7)	–	(2.7)
Dividends paid	–	–	–	–	–	–	–	(27.0)	–	(27.0)
Other comprehensive income	–	–	–	–	–	0.1	–	–	–	0.1
Share-based payments	–	0.5	0.2	–	–	–	3.0	0.2	–	3.9
Additional Tier 1 securities issuance <sup>3</sup>	–	–	–	–	–	–	–	(0.6)	60.0	59.4
<b>Balance at 31 December 2017</b>	<b>2.4</b>	<b>158.4</b>	<b>6.1</b>	<b>(15.2)</b>	<b>–</b>	<b>0.1</b>	<b>4.9</b>	<b>237.1</b>	<b>82.0</b>	<b>475.8</b>

Bank

<b>Balance at 1 January 2016</b>	2.4	157.9	5.6	(15.2)	–	(0.1)	0.8	104.4	22.0	277.8
Profit for the year	–	–	–	–	–	–	–	95.1	–	95.1
Coupon paid on equity bonds <sup>2</sup>	–	–	–	–	–	–	–	(0.9)	–	(0.9)
Dividends paid	–	–	–	–	–	–	–	(23.3)	–	(23.3)
Other comprehensive income	–	–	–	–	–	0.1	–	–	–	0.1
Share-based payments	–	–	0.3	–	–	–	1.1	–	–	1.4
<b>Balance at 31 December 2016</b>	<b>2.4</b>	<b>157.9</b>	<b>5.9</b>	<b>(15.2)</b>	<b>–</b>	<b>–</b>	<b>1.9</b>	<b>175.3</b>	<b>22.0</b>	<b>350.2</b>

1. Equity bonds comprise £22.0m of Perpetual Subordinated Bonds and £60m of Additional Tier 1 securities ('AT1 securities').

2. Coupon paid on equity bonds is shown net of tax.

3. Additional Tier 1 securities issuance costs of £0.6m are shown net of tax.

The reserves are further disclosed in note 35.