

APPENDIX 3.6
(referred to in paragraph 3.44)

Abbey National: consolidated profit and loss accounts, 1996 to 2000

	<i>Years ended 31 December</i>					<i>£ million</i>
	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	
Net interest income	1,794	1,889	2,229	2,661	2,680	
Other income	<u>555</u>	<u>724</u>	<u>882</u>	<u>1,089</u>	<u>1,614</u>	
Total income	2,349	2,613	3,111	3,750	4,294	
Administrative expenses	-884	-1,096	-1,240	-1,496	-1,681	
Depreciation of fixed assets	-93	-98	-106	-119	-134	
Depreciation of operating lease assets*	-	-	-	-	-178	
Integration costs	-61	-	-	-	-	
Provision for bad debts	-127	-121	-201	-303	-273	
Provision for contingencies	-4	-16	-16	-23	-21	
Written-off fixed asset investments	<u>-13</u>	<u>-3</u>	<u>-28</u>	<u>-26</u>	<u>-32</u>	
Pre-tax profit	1,167	1,279	1,520	1,783	1,975	
Taxation	<u>-403</u>	<u>-326</u>	<u>-462</u>	<u>-522</u>	<u>-559</u>	
Post-tax profit	764	953	1,058	1,261	1,416	
Minority interests	<u>3</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-51</u>	
Profitable attributable to shareholders	767	954	1,058	1,261	1,365	
Transfer to non-distributable reserves	-67	-78	-125	-13	-156	
Non-equity dividends	-13	-35	-34	-38	-38	
Equity dividends	<u>-360</u>	<u>-434</u>	<u>-501</u>	<u>-572</u>	<u>-649</u>	
Retained profit	327	407	398	638	522	
						<i>per cent</i>
<i>Key ratios</i>						
Cost:income ratio*†	41.6	45.7	43.3	43.1	44.1	
Group net interest margin‡	1.76	1.68	1.61	1.75	1.61	
Group interest spread§	2.08	1.99	2.10	1.55	1.42	

Source: CC from Abbey National accounts as reported year by year.

*In 2000 the accounting treatment of depreciation on operating lease assets was changed. In 1999 and earlier years, the depreciation of operating lease assets was netted off against other income; from 2000 this depreciation has been shown separately as an expense. Depreciation of operating lease assets in 1999 was £52 million. The cost:income ratios have been calculated using the pre-1999 presentation. If the new accounting basis had been applied, the cost:income ratio would be 43.8 per cent in 1999 and 46.4 per cent in 2000.

†Operating expenses (administrative expenses plus depreciation on fixed assets) divided by total income.

‡Net interest income divided by average interest-earning assets.

§Difference between the rate of interest earned on average interest-earning assets and the rate of interest paid on average interest-bearing liabilities.