Full year 2022 Results update

01 March 2023

150 years of ethical banking

The co-operative bank

2022 Highlights

Nick Slape
Chief Executive Officer

2022 – an inflection point

£132.6m
Statutory profit before tax
FY 21: £31.1m

13.7%
Adjusted RoTE [1]
FY 21: 4.7 %

19.8%
CET1 ratio
FY 21: 20.7 %

1.66%
Net interest margin
FY 21: 1.25 %

Strong capital underpinning financial performance

- Fully compliant with capital requirements plus buffers one year ahead of schedule
- +350bps proforma organic capital generation
- Significant scope for capital optimisation

Low cost funding model on a secured balance sheet

- High quality, low risk balance sheet
- Stable current account franchise
- £3.2bn gross mortgage lending

Transformation

- Pace pension "buy-in" transaction completed
- Key elements of mortgage platform system testing completed
- Capita colleagues set to join the Bank in early March 2023

1. Basis of preparation outlined on page 9

Well positioned for the future

ESG market leader

UK's best rated ESG high street bank [1]

£318m Green asset financing deployed

Customer-led Ethical Policy launched
Sixth iteration since 1992

Investment in operational capacity

c.200 additional FTE in the contact centres across Retail and SME

Average speed to answer on target for less than 5 minutes

Maintained IT service stability

Performance recognised externally

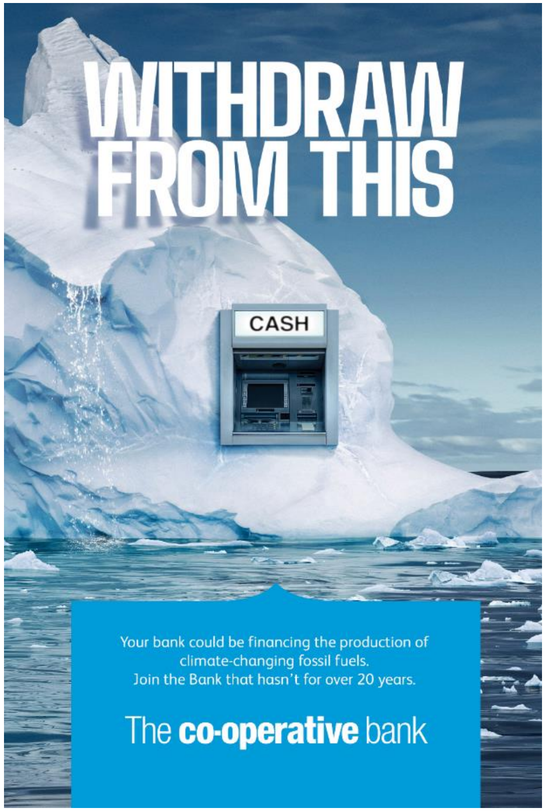
Credit rating upgraded

Moody's	Fitch
Ba1	BB
Positive outlook	Stable outlook

Moneyfacts
Branch network of the year (5th consecutive year)
Best charity banking provider (7th consecutive year)

CFI
Most Ethical Bank UK - Award 2022

Positive response to new brand campaign



1. Rated by Morningstar Sustainalytics in the Regional Banks sub-industry with a score of 8.3 as of 8 July 2022

Successfully delivering our commitments

2022 priorities committed[1]	FY 2022 update
Simplify and transform our core mortgages and savings system	Savings re-platform H1 2023 Mortgage re-platform H1 2024
In-house mortgage servicing	Capita colleagues set to join the Bank in 1Q 2023
Enhance our ESG credentials	ESG scores and ratings improved versus 2021
Achieve an adjusted RoTE of c.8 %	Target exceeded (2022: 13.7 %)

2023 commitment already delivered

Fully compliant with capital requirements plus buffers	Achieved one year ahead of schedule

1. Included in our 2021 full year investor presentation

Positive momentum into 2023

2023 commitments	Key drivers	2023 outputs
Explore opportunities to optimise capital stack	• Consider issuance of MREL-qualifying debt • Consider opportunities to optimise CET1 • Focus on medium term CET1 target	Dividend policy / capital framework
Simplify and transform the bank	• Complete in-housing of Capita colleagues • Deliver mortgage originations on new platform • Migrate all savings and mortgage customers	c.10% RoTE
Franchise growth	• Target customer liability growth opportunities • New platform for additional product capability	Maintain market leading ESG ratings
Leverage values and ethics strengths	• Drive positive environmental change • Release and develop new green products • Increase income through marketing activity	

Profitability and ethical identity not mutually exclusive

Sustainalytics score of

8.3

makes us the UK's best ESG rated high street bank [1]

MSCI rating of

AAA

Achieving top MSCI score [2]

** ISS rating of

C

1st decile rank versus peer group [3]

The Capital Finance International (CFI) Most Ethical Bank UK 2022 Award

- Our customer-led ethical policy, environmental commitments and co-operative values make us a natural leader in ESG
- Our ESG performance ratings in 2022 further reinforces the Co-operative Bank as a strong ethical leader
- We remain committed to maintaining a positive ESG performance and our values and ethics will remain at the core of our business
- Colleague remuneration, including that of the Executive team, is assessed annually against our internal performance scorecard. As of 2022, a significant proportion of our scorecard is made up of ESG performance measures, such as reducing our GHG emissions

1. Rated by Morningstar Sustainalytics with a score of 8.3. (Next peer rated at 10.2)
2. In 2022, The Co-operative Bank received a rating of AAA (on a scale of AAA-CCC) in the MSCI ESG ratings assessment
3. ESG Corporate Rating last modified 12 July 2022

Financial results

Louise Britnell
Chief Financial Officer

Profit before tax of £132.6m; underlying profit of £136.0m

£m	FY 22	FY 21	Change
Net interest income	458.3	323.9	41 %
Other operating income	41.1	37.6	9 %
Total income	**499.4**	**361.5**	**38%**
Operating expenditure	(372.7)	(346.1)	(8 %)
Impairment charge	(6.4)	(1.1)	(>100 %)
Non-operating income	12.3	16.8	(27 %)
Profit before tax	**132.6**	**31.1**	**>100%**
Tax excluding pension transaction	(52.1)	166.2	(>100 %)
Tax impact of pension derecognition	(58.4)	-	N/A
Profit after tax	**22.1**	**197.3**	**(89%)**

Adjustments to profit before tax			
Exceptional project expenditure	12.4	28.8	57 %
Other exceptional (gains)	(9.0)	(18.9)	(52 %)
Underlying profit before tax	**136.0**	**41.0**	**>100%**
Key performance indicators			
Net interest margin (bps) [1]	166	125	41
Adjusted RoTE (%) [2]	13.7	4.7	9.0
Cost:income ratio (%) [3]	72.8	91.5	18.7
Asset quality ratio (bps) [4]	3.1	0.5	(2.6)
CET1 ratio (%)	19.8	20.7	(0.9)

1. Annualised net interest income over average interest earning assets
2. Underlying profit minus current tax over CET1 resources
3. Total statutory expenditure over total statutory income (excludes impairment)
4. Annualised impairment charge over average customer assets

Profit before tax of £132.6m; income growth drives positive jaws of 30 % . Approximately £30m in 2022 relates to the velocity of base rate change and a further £17m (2021: £9m) relates to income from the pension surplus which will not recur to the same level in 2023 due to the pension transaction in 4Q22

Total income increases by 38% to £499.4m

- Net interest income increases 41 % to £458.3m; improving deposit margins following increases in the base rate to 3.5 %

Operating expenditure increases 8% to £372.7m:

- Staff costs increased by 9 % to £120m
- Non-staff costs increased by 8 % to £215m
- Project costs total £38m including £12m of exceptional strategic spend

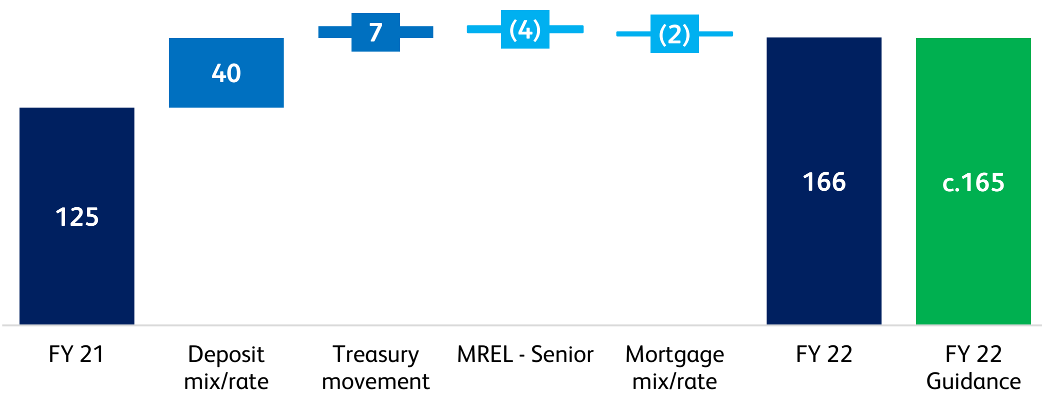
Impairment charge of £6.4m; reflects adjustments for affordability across secured and unsecured portfolios as a result of cost of living pressures, although defaults remain very low

Non-operating income of £12.3m; includes the partial sale and revaluation of Visa shareholding as well as an exceptional profit in Q1 on disposal of a small legacy loan book

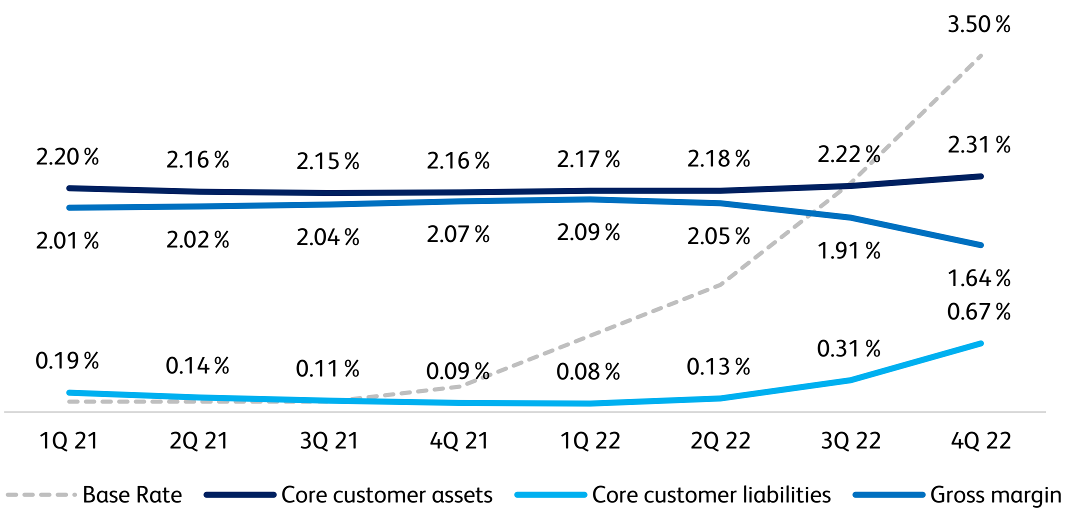
Tax charge of £110.5m; comprises £58.4m deferred tax charge in relation to the Pace pension derecognition following the buy-in transaction, £43.3m deferred tax charge following the reduction of the banking surcharge in 1Q22, £3.1m in relation to movements in deferred tax assets and £5.7m relating to current tax.

Bank NIM improves 41bps in the period

Net interest margin (bps)



Customer rate corridor [1]



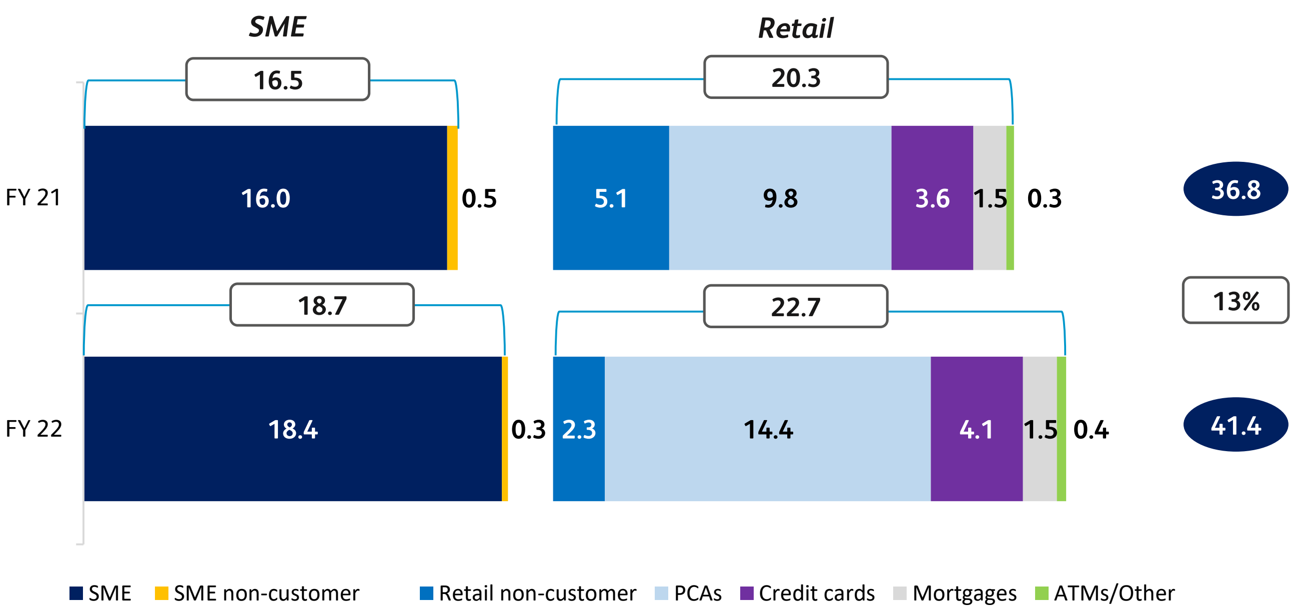
- NIM increased to 166bps driven by widening deposit margins as the base rate increased to 3.5 %
- In line with full year guidance and is 26bps ahead of our original guidance set out at the start of the year of c.140bps
- Treasury movement impacted by the removal of the covered bond and higher returns on the HQLA portfolio.
- MREL - Senior drives a 4bps reduction following the £250m issuance in April 2022
- We have targeted a guidance of c.180bps in 2023 as we expect further growth in the base rate
- Reduction in customer rate corridor. Increase in cost of deposits outweighs increase in mortgage pricing

1. Calculated as annualised core customer income over core customer average balances for the period

9% increase in other operating income

£m	FY 22	FY 21	Change
Retail other operating income	22.7	20.3	12 %
SME other operating income	18.7	16.5	13 %
Total core other operating income	**41.4**	**36.8**	**13%**
Legacy and central items	(0.3)	0.8	(>100 %)
Total other operating income	**41.1**	**37.6**	**9%**

Core other operating income split (£m)

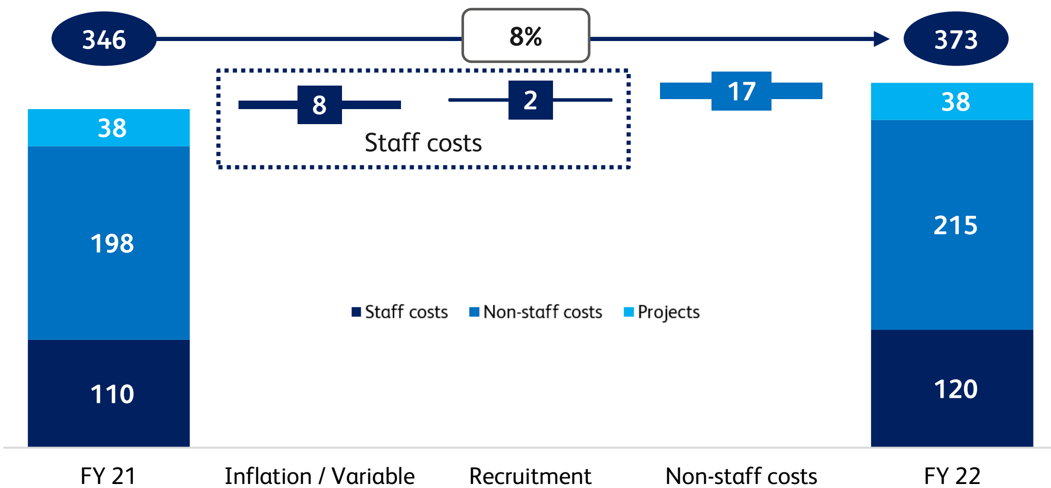


Total other operating income increases 9% to £41.1m:

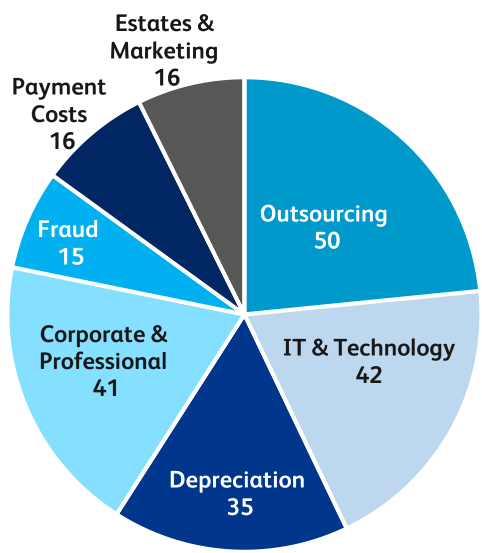
- Retail: higher current account income due to increased customer transactional activity compared to 2021
- SME: an increase of 13 % mainly driven by higher prime commission as well as foreign services income
- £2.6m of income relates to HQLA sales during the year

Increased operating expenditure; investment accelerated

Operating expenditure (£m)



Non-staff costs (£m)



Operating expenditure increased by 8% compared to FY 21:

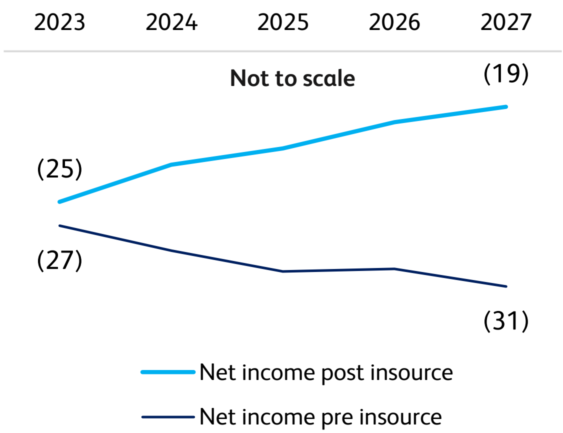
- Staff costs increased by £10m:
  - Largely related to recruitment and retention in a challenging market
  - Variable pay increased due to stronger financial performance than expected
  - Impact of cost of living payments to colleagues:
    - Lower-earning colleagues received £300 in H1 and a second payment of £200 was made to c.95 % of colleagues in H2
    - £1k uplift to permanent base salaries to all colleagues earning less than £80k

- Non-staff costs increased by £17m:
  - c.£3m increase in fraud costs
  - c.£6m additional investment in marketing costs primarily due to the launch of our new brand campaign
  - 2021 benefits from c.£4m relating to releases of provisions for branch closures and PPI
  - Our transformation projects target efficiencies largely from 2024
  - Non-staff cost inflation is offset by efficiencies achieved in 2022, but inflation will impact in 2023

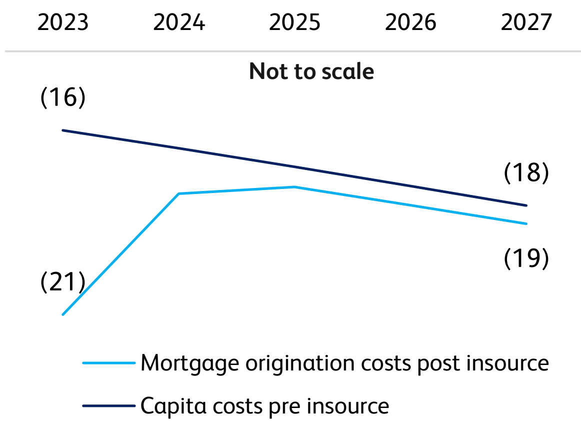
- Project costs (P&L) of £38m includes £12m related to the mortgage and savings transformation programme

Capita insourcing results in short term P&L drag in 2023

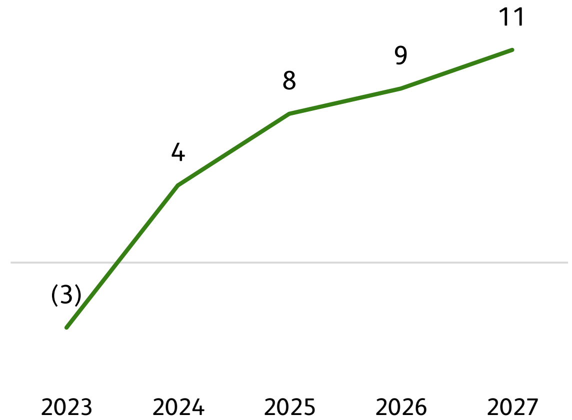
PBT impact – Income (£m)



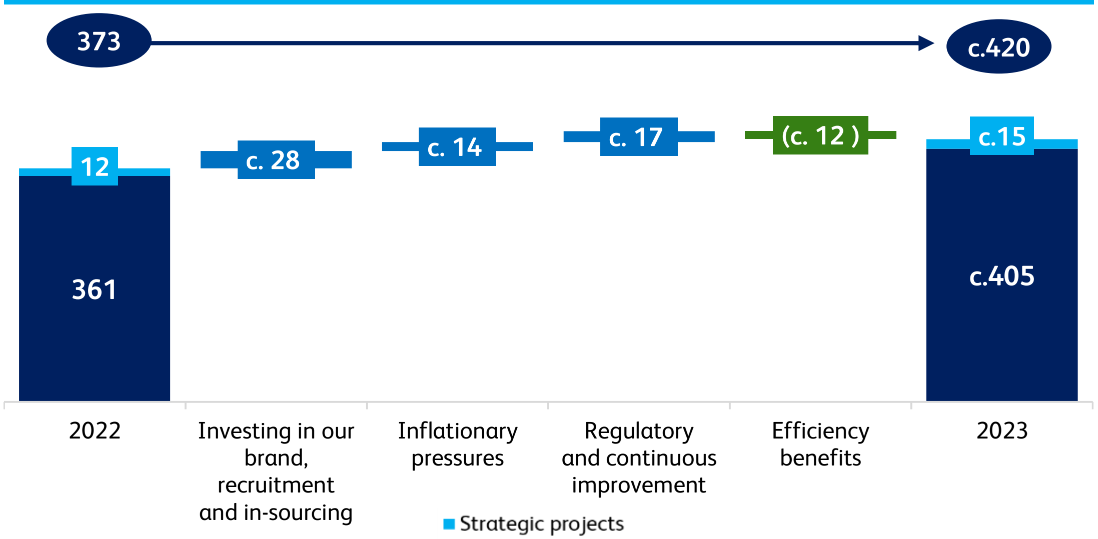
PBT impact – Opex (£m)



Net PBT impact (£m)



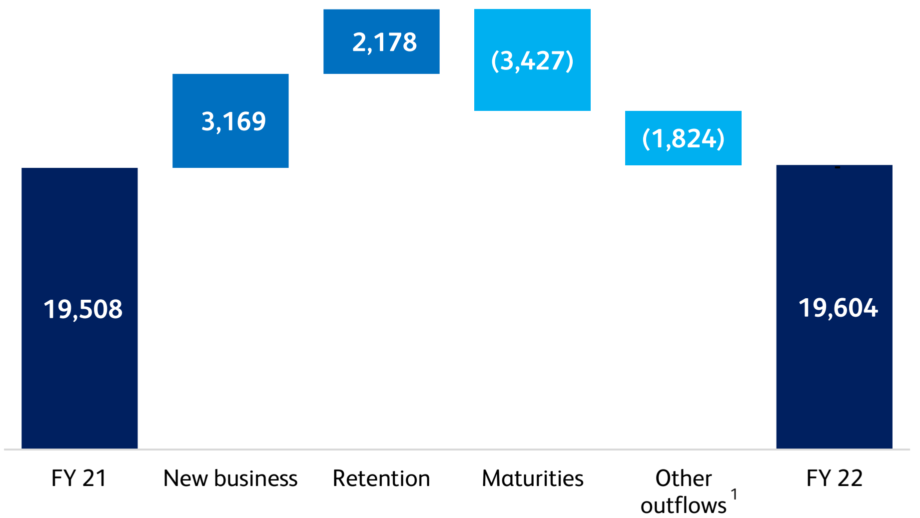
2023 statutory expenditure (£m)



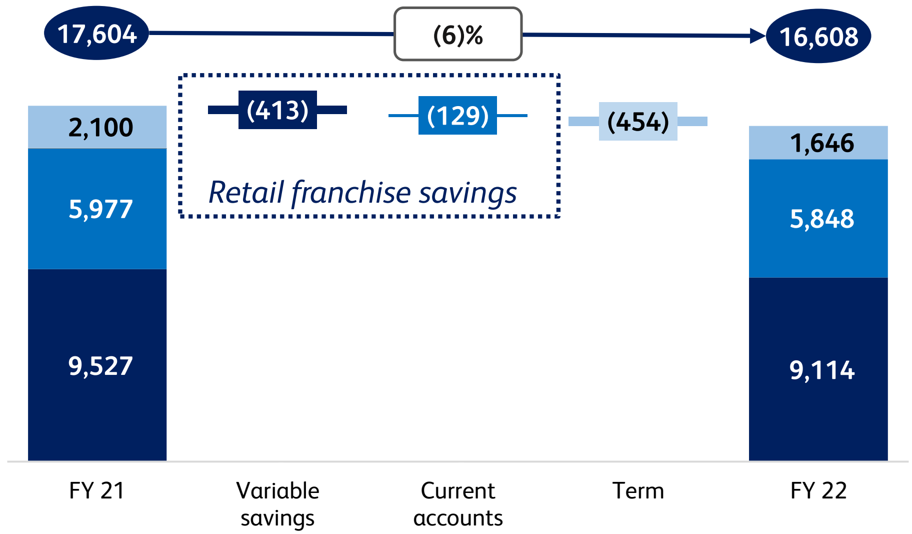
- Following mortgage insourcing in 1Q 23 the Bank must expense all origination costs as they occur through operating expenses
- This results in a short term P&L drag of c.£3m in 2023 as the income benefit takes time to be realised whilst cost increases are seen immediately
- In addition the Bank will inherit legacy costs for estates and IT, which are assumed to reduce after 2023
- P&L impact is positive from 2024 at c.£4m, rising to c.£11m by 2027

Helped c.34,000 customers to secure a mortgage

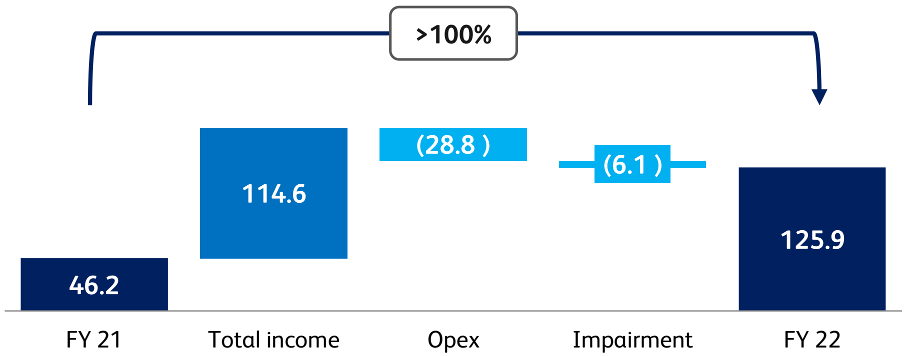
Mortgage flows (£m)



Retail deposit flow (£m)



Underlying profit / (loss) (£m)

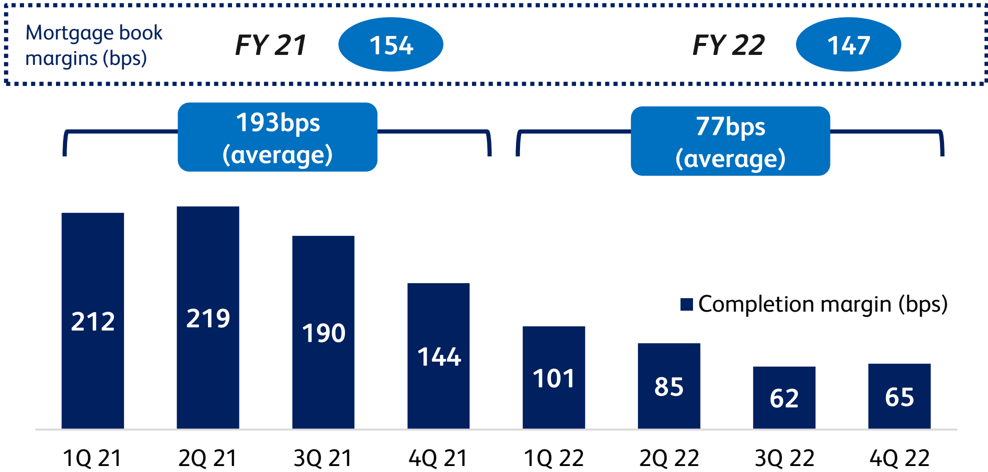


- Gross lending of £3.2bn with a strong pipeline of c.£1.7bn into 2023
- Retail current account average balances has increased 4.5 % to £4,785
- Unsecured lending of £237m remains a small proportion of the retail balance sheet (1.2 %)
- Underlying profit for the segment of £125.9m; a significant improvement on 2021

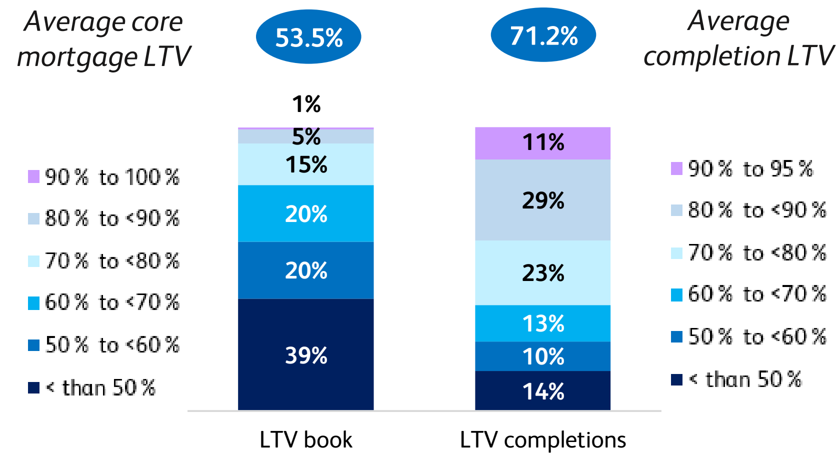
1. Other movements predominantly relates to repayments

Rising swap rates outpace gross customer rates

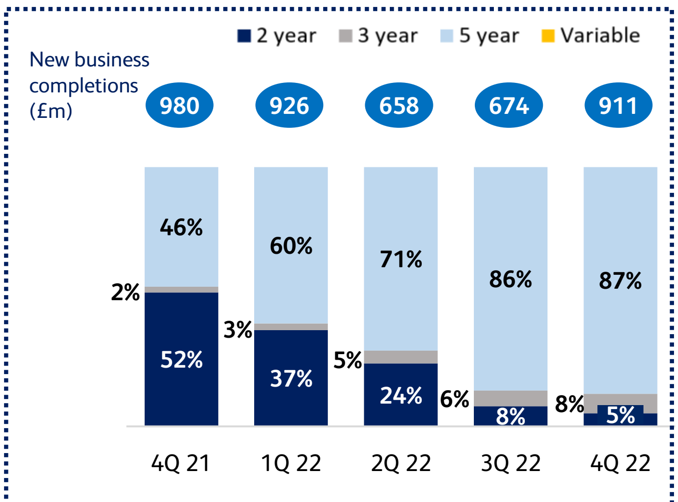
Mortgage margin [1] (bps)

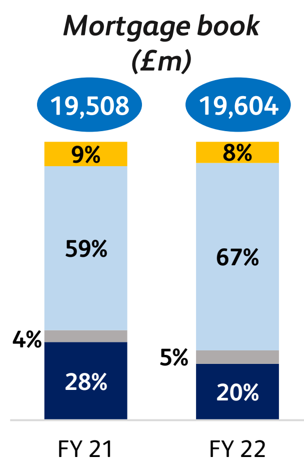


Mortgage split by LTV book / completions



Completions by tenor



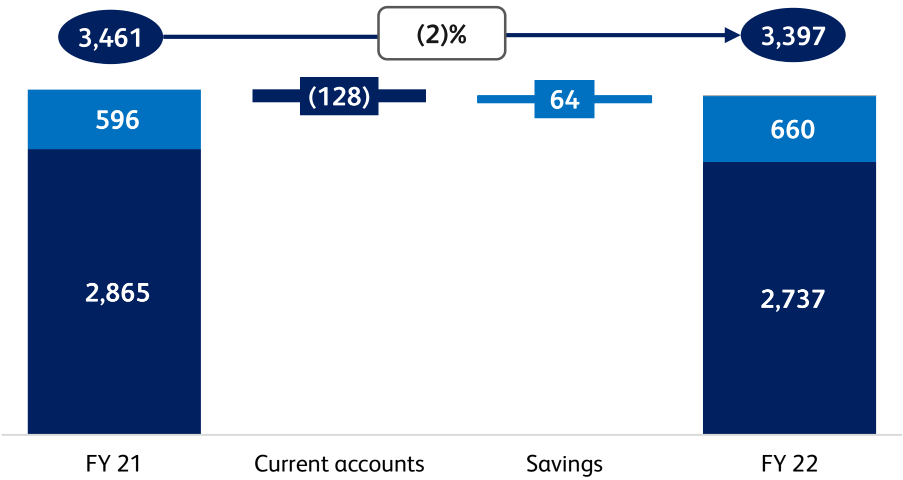


- Limited pass-back to new mortgage business following rising market rates, drives down margins
- Mortgage pipeline of c.£1.7bn as at FY 22 increasing by c.£0.1bn in the final quarter
- Customers seeking longer term financial certainty, opting for longer tenor mortgages

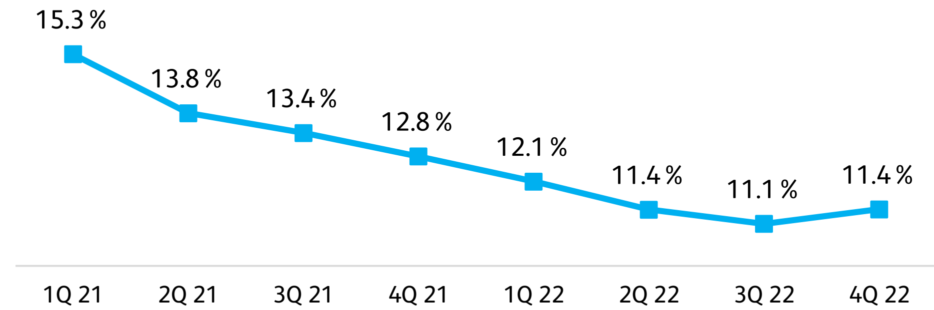
1. Margin calculated as gross rate minus swap

£3.4bn SME deposits with low cost of funds at 6bps

SME deposit flow (£m)

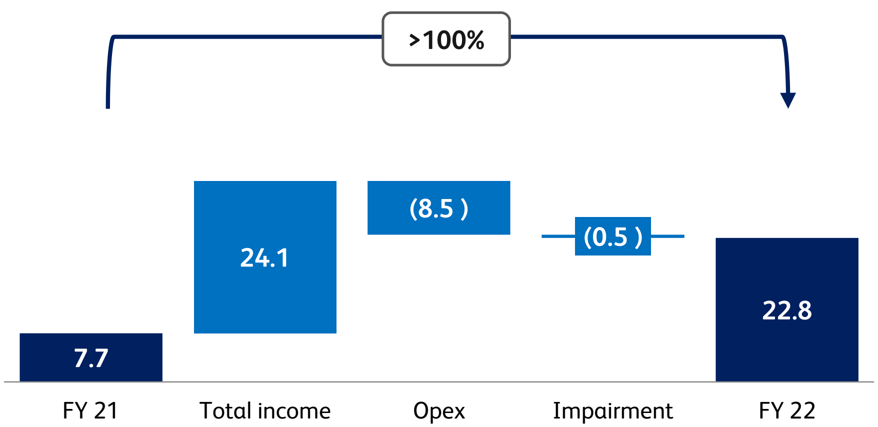


SME loan to deposit ratio



	FY 21	*FY 22*
Blended cost of funds (bps)	1	6

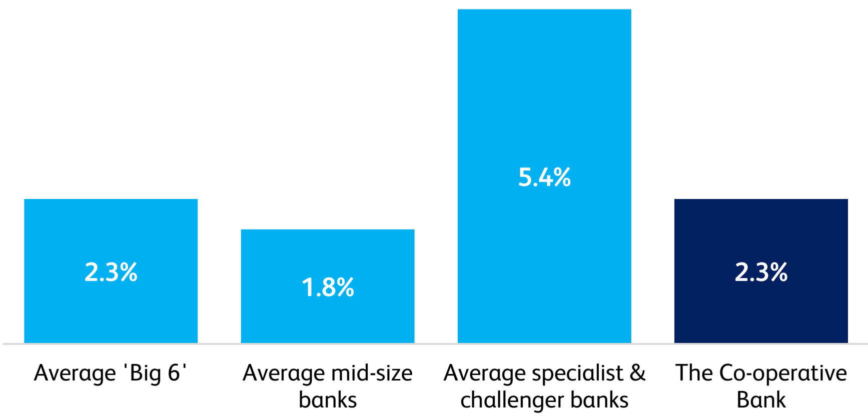
Underlying profit / (loss) £m



- 2 % reduction in SME deposits, following some marginal unwind of excess balances built up over the pandemic as well as the repayment of Bounce Back Loan balances
- Blended cost of funds of 6bps and a low loan-to-deposit ratio of 11.4 % provides a cheap source of funding for the Bank
- Underlying profit of £22.8m highlighting future potential as a source of profit growth for the Bank

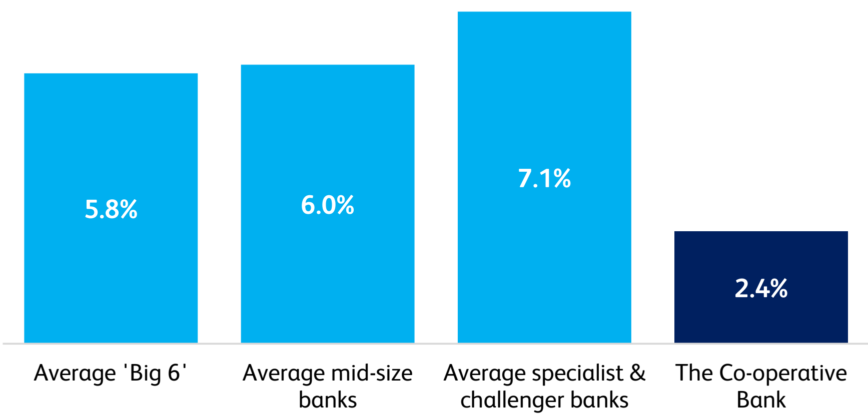
High quality Bounce Back Loan portfolio

Suspected fraud as % of drawn values [1]

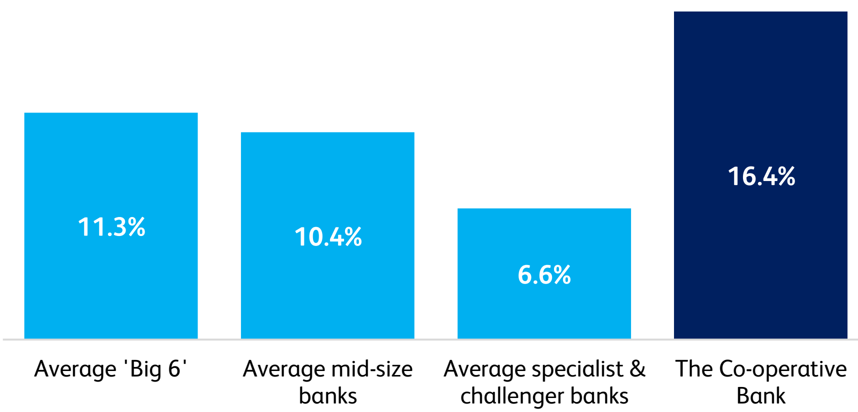


- Bounce Back Loans were only made available to existing customers; allowing for better controls and reduced chance of fraud
- 16.4 % of our loans have been repaid in full and only 2.3 % of drawn values are suspected fraud
- Only 2.4 % of balances are in arrears; highlighting a high quality portfolio

% loans in arrears (balances) [1]



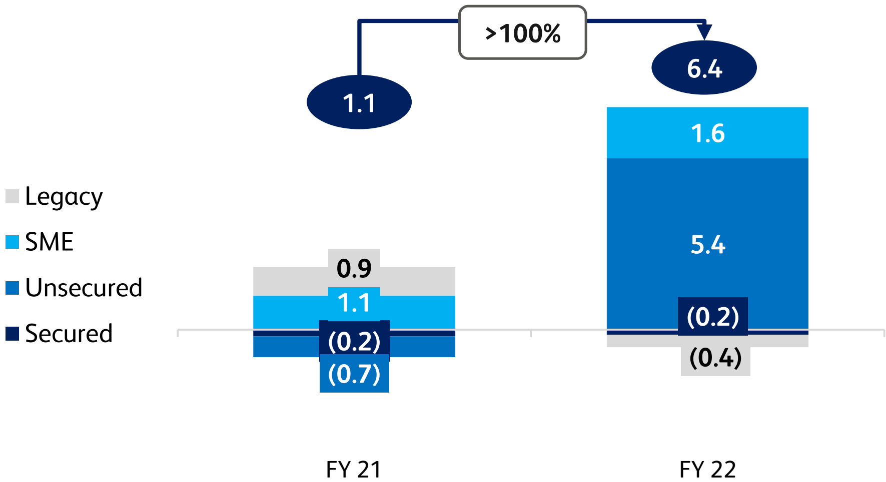
% loans repaid in full (balances) [1]



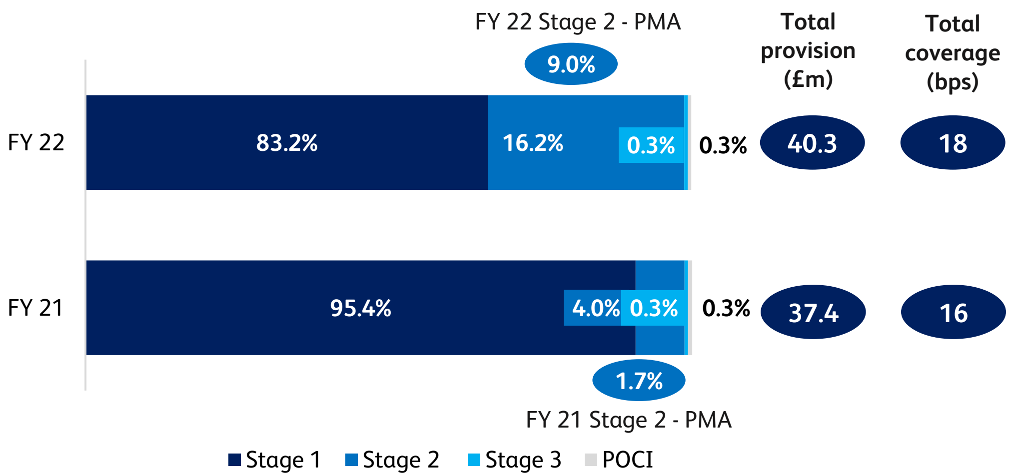
1. BBLS data as at 31 December 22 COVID-19 loan guarantee schemes performance data as at 31 December 2022 - GOV.UK (www.gov.uk)

Strong asset quality ratio despite cost of living pressures

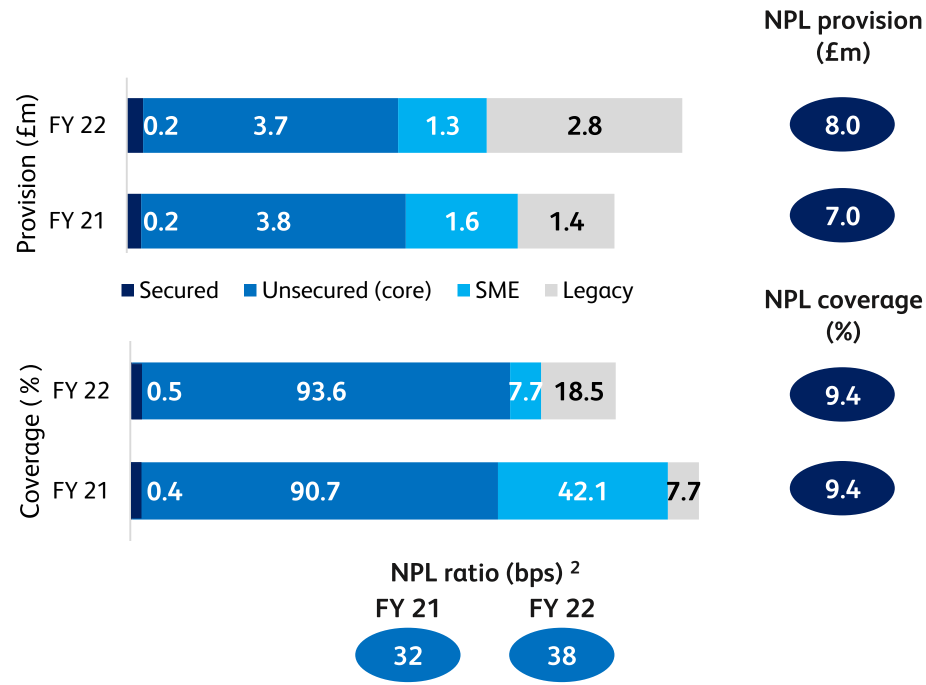
Impairment charge / (credit) (£m)



Exposure by stage [3]



NPL coverage [1]



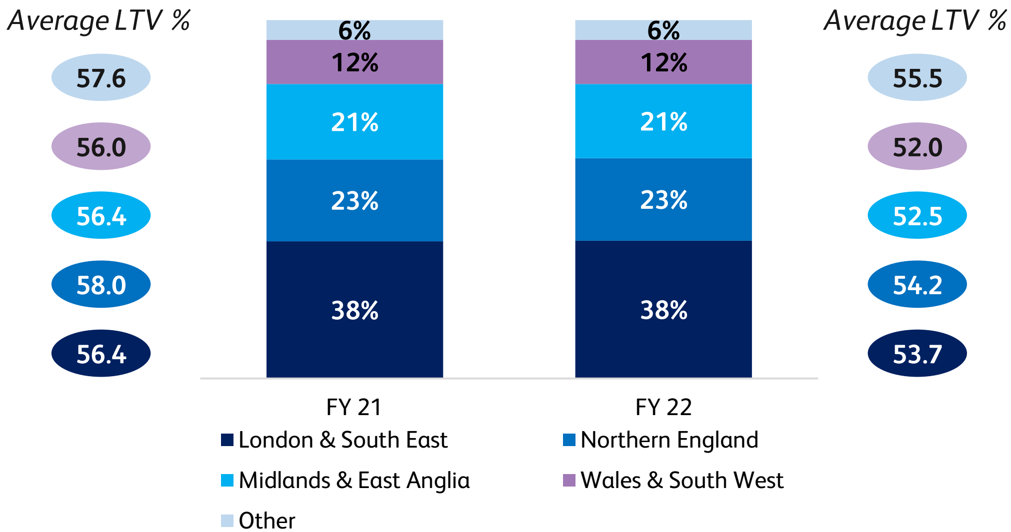
Net impairment charge of £6.4m reflects low levels of default across the Bank:

- Arrears remain low and stable across all portfolios
- To date, minimal impact from the rising costs of living on customer arrears
- Provisions increased in second half of the year driven by current economic climate
- Stage 2 exposure increased due to a post model adjustment (PMA) to recognise potential increase in defaults following rising cost of living pressures and worsening macro-economics

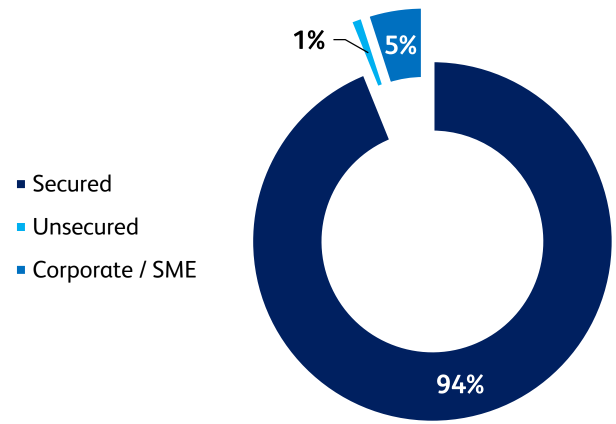
1. NPL coverage ratio calculated as NPL provision over NPL balance (all excluding performing POCI)
2. NPL ratio calculated as non-performing exposure (excluding performing POCI) over total exposure
3. Includes balances relating to FVTPL

High quality assets well diversified across regions

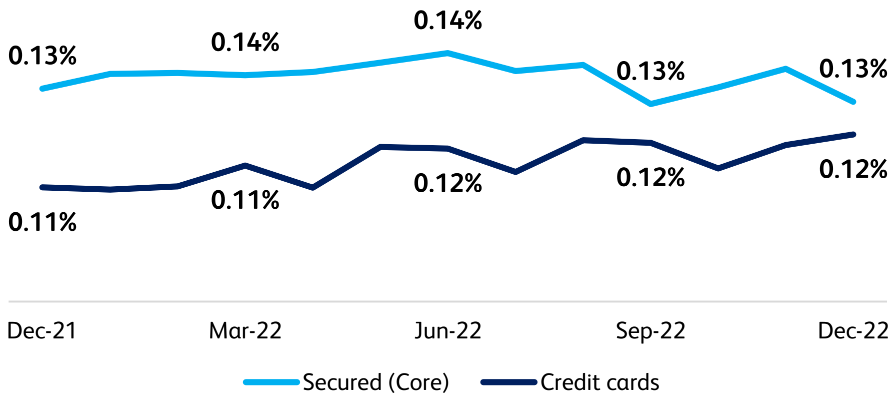
Mortgage split by geography



Lending mix



Accounts >3 months in arrears[1]

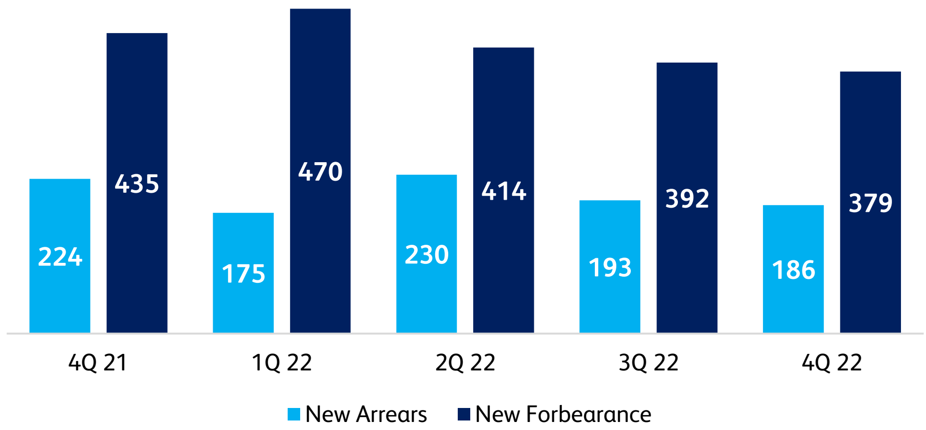


- Mortgage split across regions remains stable with all geographical areas having an average LTV lower than 56 %
- Increased defaults are unlikely to drive material credit losses due to relatively low LTVs on existing balances
- 0.13 % of secured accounts in arrears equates to 190 accounts and £18.1m of balances

1. Volume of accounts in arrears over total volume of accounts

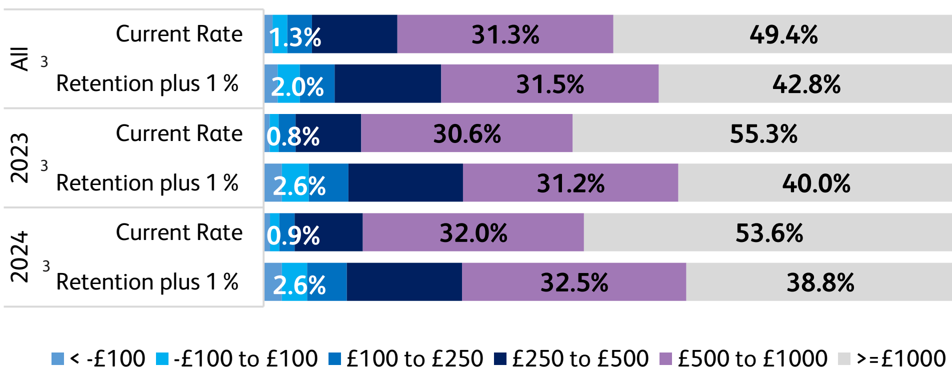
Robust credit risk strategies drive low risk portfolio

New secured arrears and forbearance (volume)

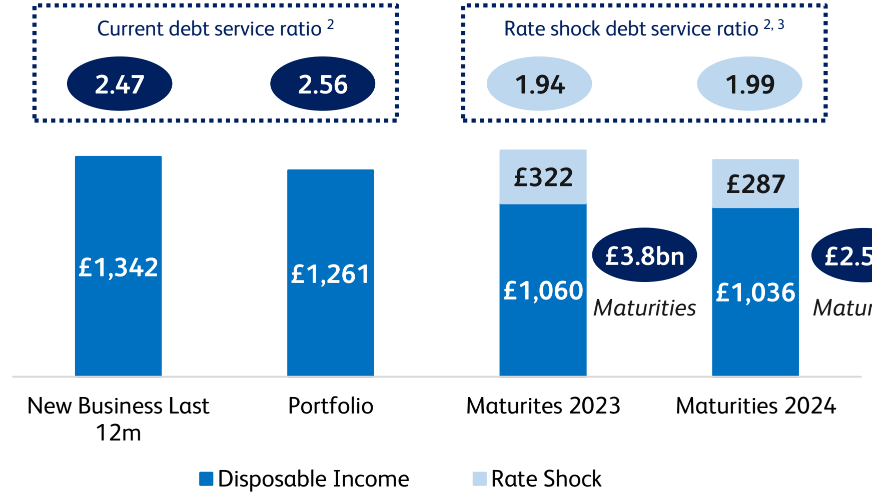


Note: these are gross new in flows and not representative of increases in arrears and forbearance stock given cure volumes. For context YoY there has been a 17 % reduction in forbearance stock.

Platform assessed disposable income [1]



Platform mortgage residential affordability [1]

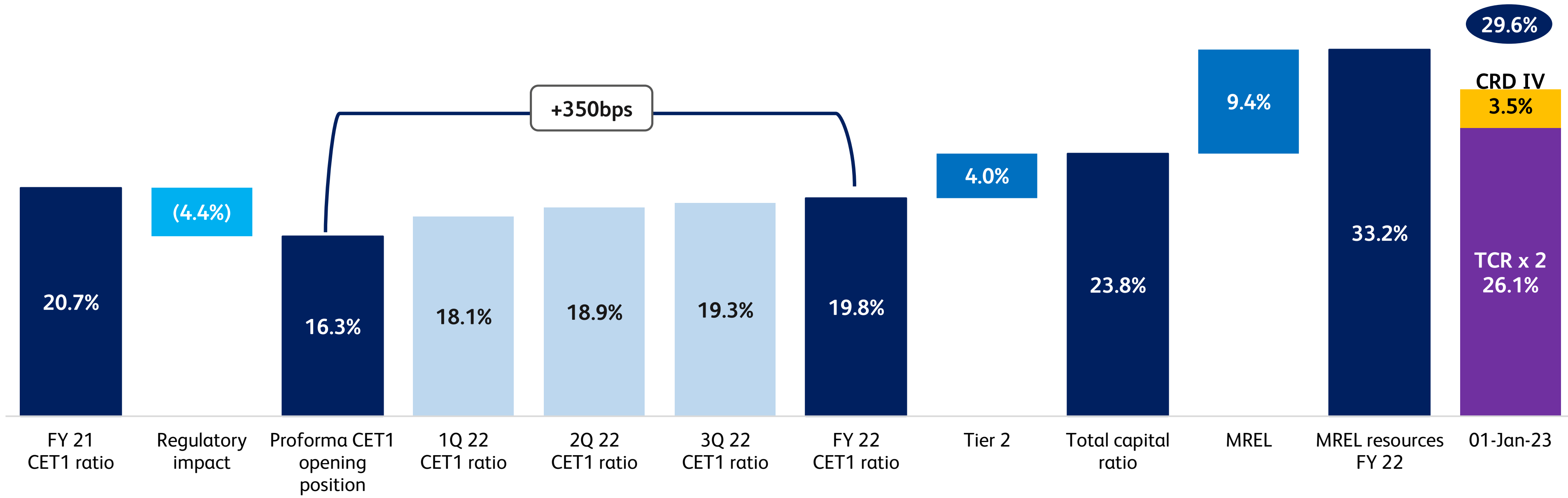


- The average level of disposable income for the portfolio is £1,261 per month and 93 % of these customers have a disposable income estimated to be >£250, based on their current mortgage rate
- Applying a rate shock to customers with products maturing in the next 2 years, average disposable income reduces to £1,060 per month (maturing in 2023) and £1,036 (maturing in 2024)
- An estimated 2 % of customers across the book have a disposable income of <-£100 when a retention rate plus 1 % is applied; with a blended average LTV of 59 %
- Of all accounts maturing before 2025, 2.9 % have an LTV of greater than 80 % with 0 % >90 % LTV

1. Best estimates with multiple assumptions applied including (but not limited to) inflated starting income and credit commitments using CAIS data. Some accounts excluded due to anomalies
2. Calculated as total disposable income divided by sum of mortgage repayment (before mortgage payment has been taken)
3. Retention rate varies between 4.62 % and 4.90 % depending on LTV

Significant headroom to MREL plus CRD IV buffers of £174m

Capital ratios development

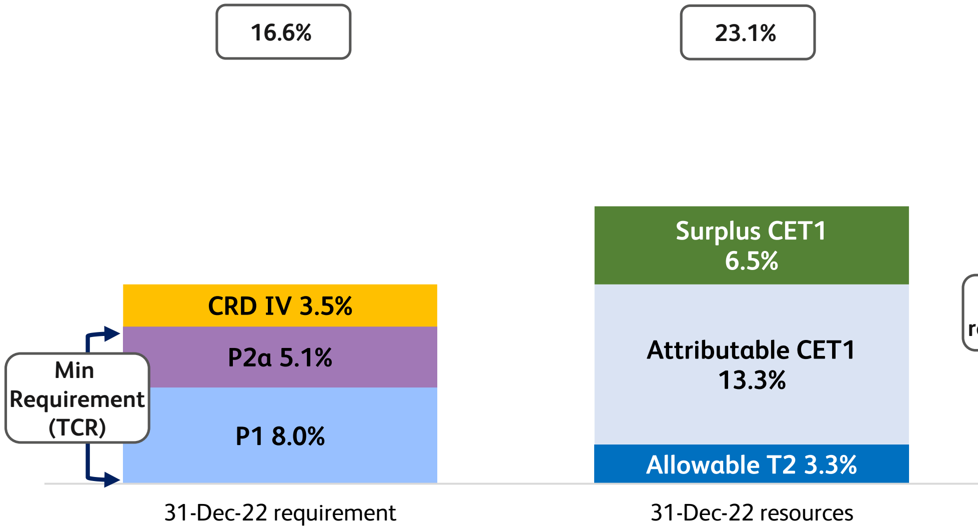


- c.4.4 % reduction in CET1 ratio due to regulatory impacts as we increased our PMA on PS11/20 during the year which is subject to regulatory approval
- Opening CET1 position following the removal of the regulatory impacts is 16.3 %
- Organic capital growth in the year of 350bps driven by profit generation
- Surplus to CET1 ratio minimum of 650bps or c.£312m [1]

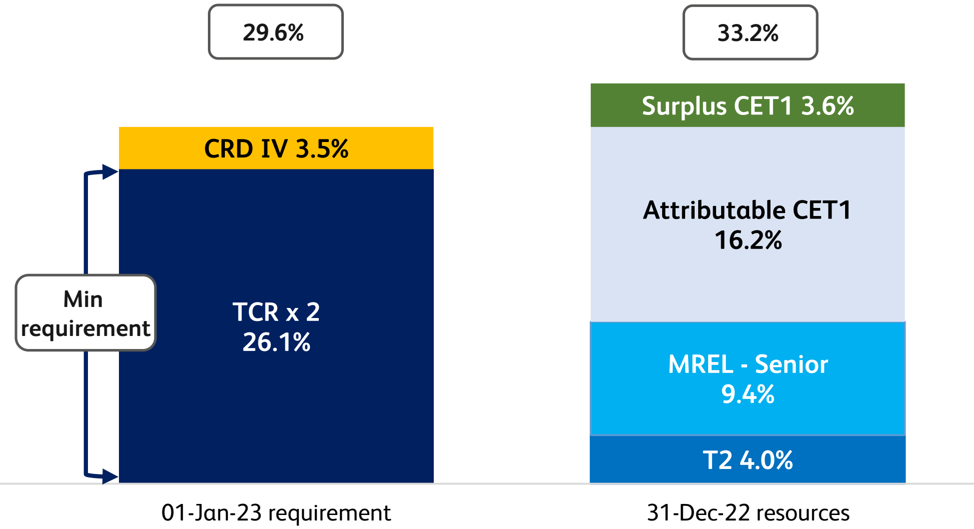
1. Excluding PRA buffer requirements

£481m surplus to TCR minimum capital requirements

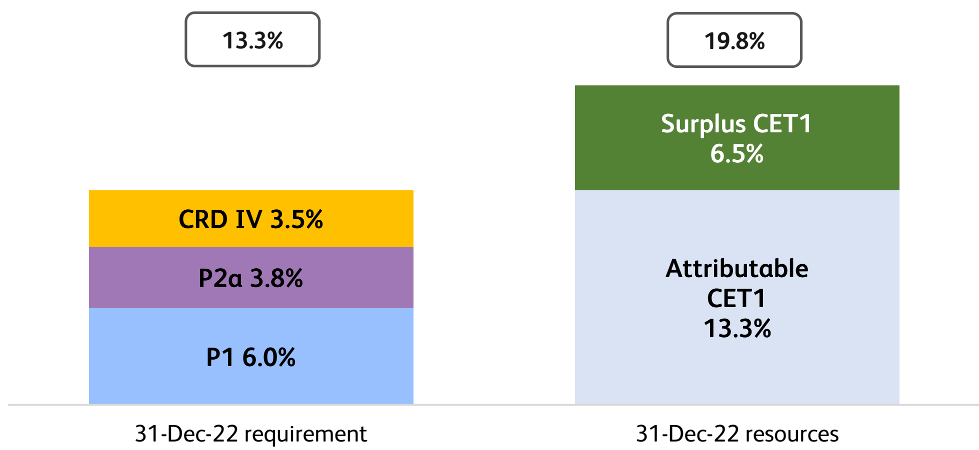
OCR requirement [1]



MREL requirement [1]



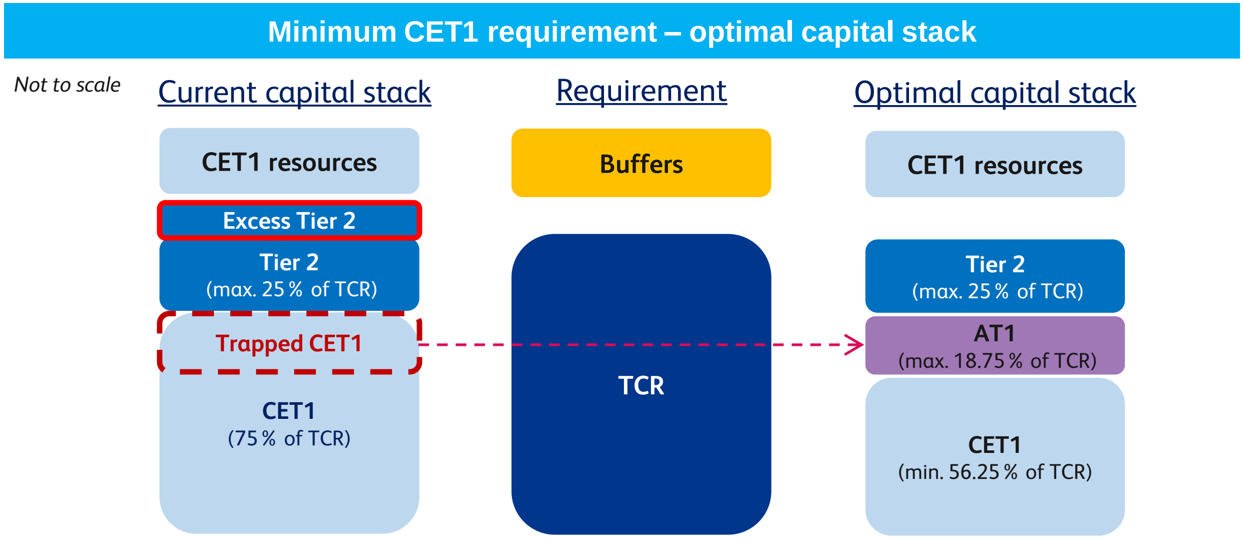
CET1 requirement [1]

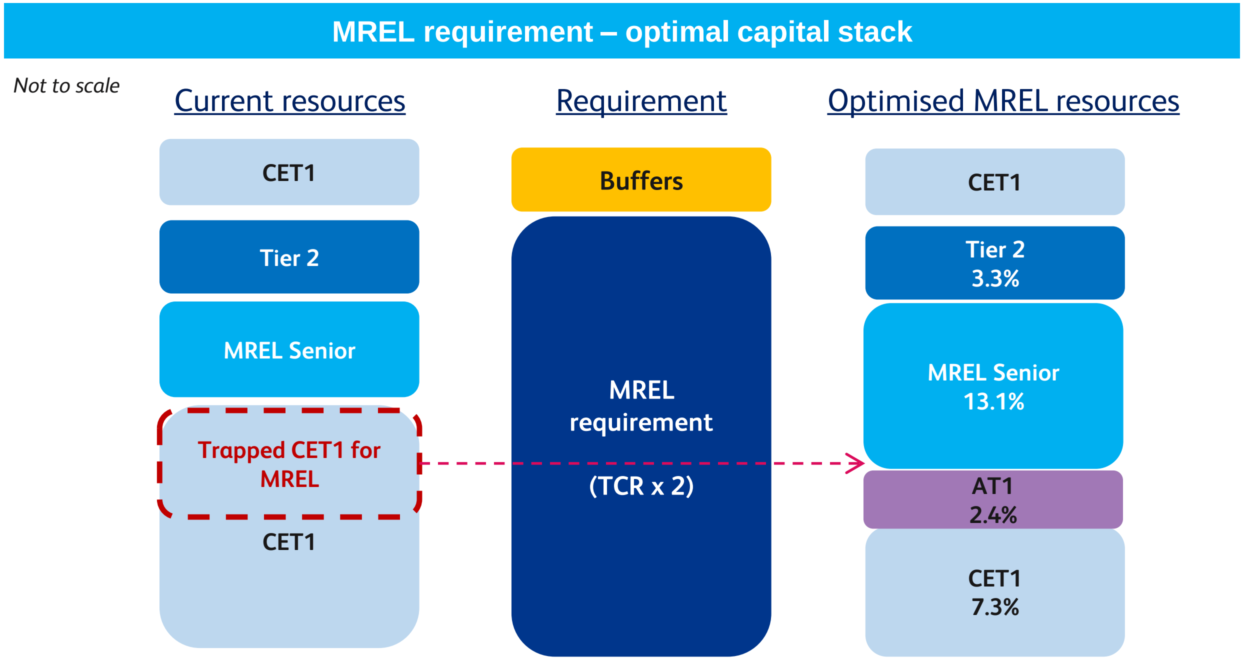


- £481m surplus (with total capital resources of 23.1 %) to TCR minimum requirements of 13.1 %
- £342m surplus to MREL minimum requirements (excluding CRD IV buffers); MREL resource ratio of 33.2 %

1. Requirements based on 31-Dec-22 risk weighted assets

Scope for optimisation of the capital stack

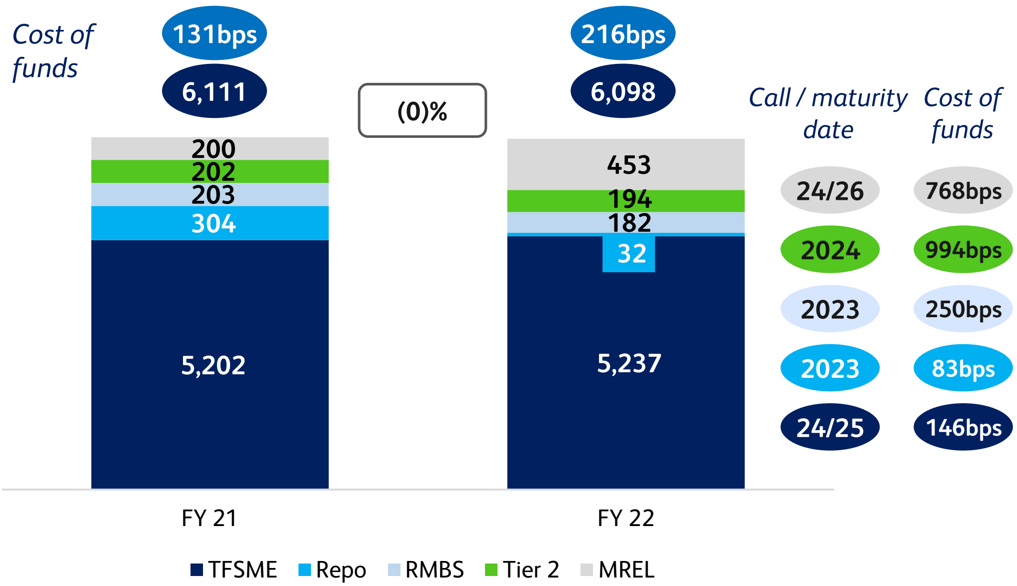




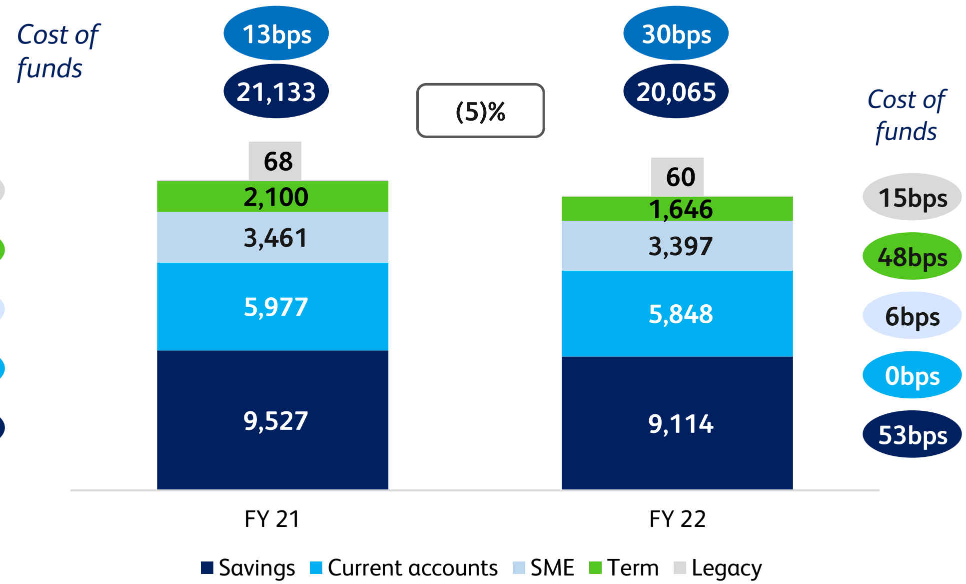
- Current capital stack is overly dependent on CET1 capital; inefficient structure
- Opportunity to optimise with a more cost effective and efficient stack
- Surplus CET1 provides future optionality for dividends and investment
- Further optimisation of MREL capital stack will support reducing inefficient CET1 capital
- Medium target CET1 ratio of c.15 % with AT1 and c.17 % without

Total blended cost of funds remains low relative to base rate

Wholesale funding (£m)

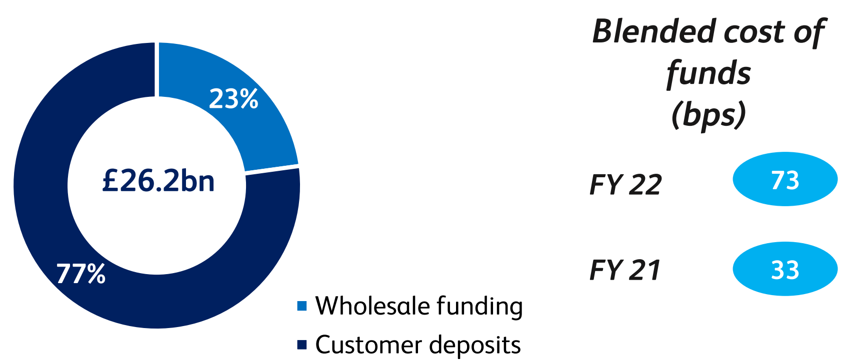


Customer funding (£m)



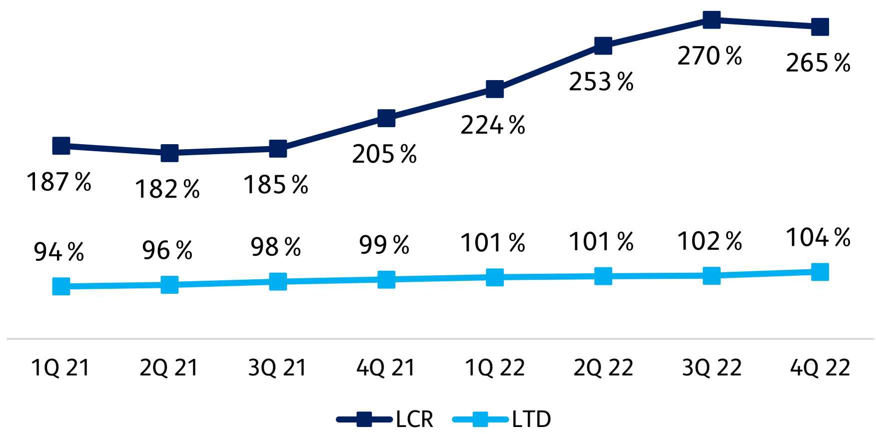
- Blended cost of funds increases to 73bps; remains materially lower than base rate
- £5.2bn TFSME provides significant low cost term funding and maintains wholesale cost of funds at 216bps
- Repo funding has reduced due to market disruption which has impacted gilt values
- MREL increased following £250m MREL issuance in April 2022
- Total blended cost of funds has increased due to base rate rises

Funding mix

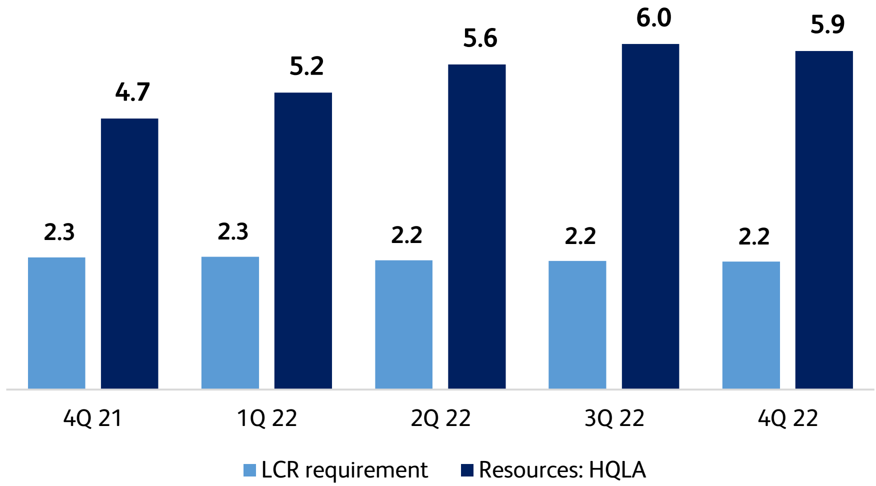


Significant liquidity surplus

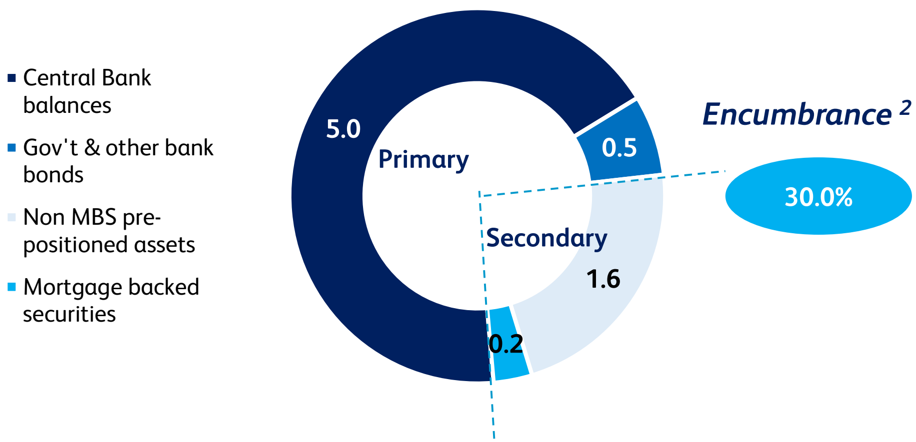
Loan to deposit / liquidity coverage ratios [1]



LCR requirement / HQLA resources (£bn)



Liquidity profile (£bn)



- Improvement in LCR compared to prior year is mainly driven by HQLA, including TFSME drawings being fully reflected in the 12 month average position
- LCR requirement remains relatively flat, driven primarily by deposit outflows with minimal wholesale contractual inflows and maturities, as well as reflecting variability in mortgage pipeline position
- Loan-to-deposit ratio increases due to stable lending and a reduction in deposits
- All fixed income security positions hedged to manage interest rate risk

1. Calculated in line with Pillar 3 requirements based on rolling 12 month average
2. EBA definition calculated as the carrying amount of encumbered assets and collateral divided by total assets and collateral

De-risking Pace pension scheme

What has happened…

- During the year the Pace Trustee completed a full "buy-in" of the Bank section of Pace - the larger of the two schemes for which we are a sponsoring employer
- Bulk annuity insurance policy purchased using scheme assets with no cash contribution from the Bank
- The pension trustee continues to administer pensions which are now fully insured

How risk is reduced…

- Scheme has now substantially mitigated its principal investment and longevity risks by fully insuring its liabilities
- UK insurance regime enhances protection of member benefits

Financial / capital implications

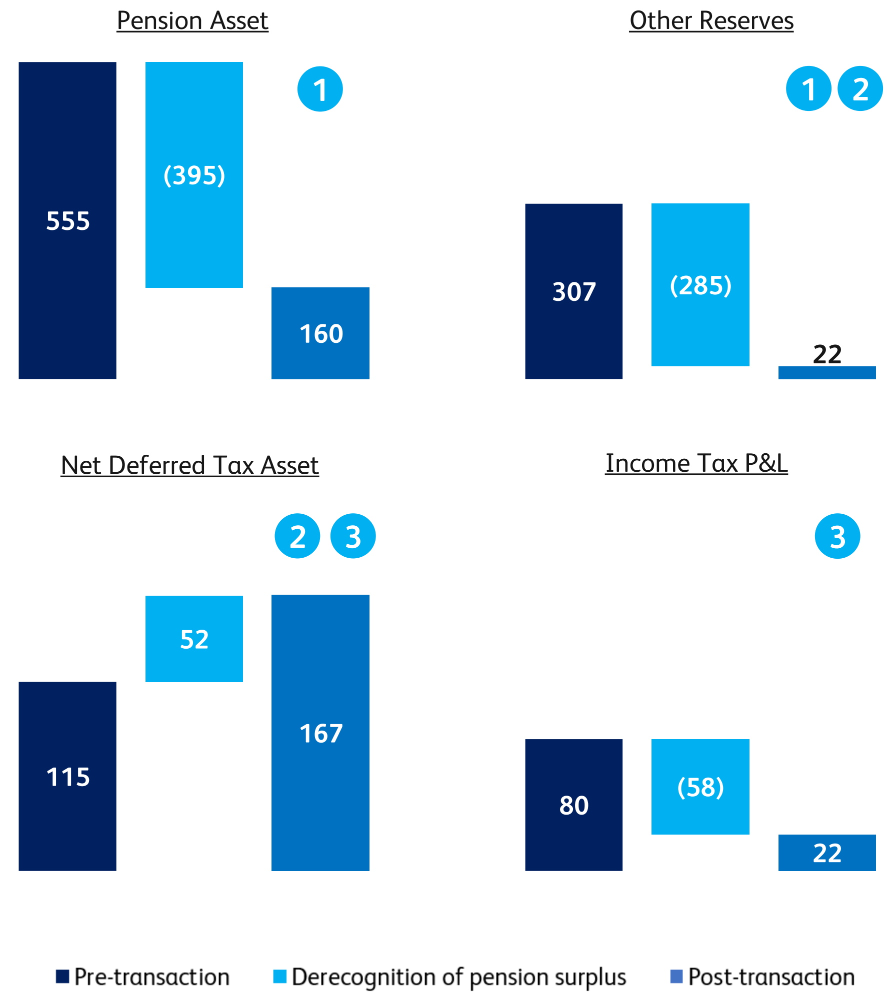
1. Derecognition of pension surplus reduces pension asset and other reserves
2. Derecognition of deferred tax liabilities associated with the pension, increases net deferred tax asset and other reserves
3. Derecognition of related deferred tax assets (recognisable to offset the deferred tax liability to the extent permitted by loss recognition rules) reduces net deferred tax asset with a charge to P&L

The pension and tax entries have no impact on capital as the related amounts were previously deducted via regulatory adjustments

CET1 ratio (%)
pre and post-transaction

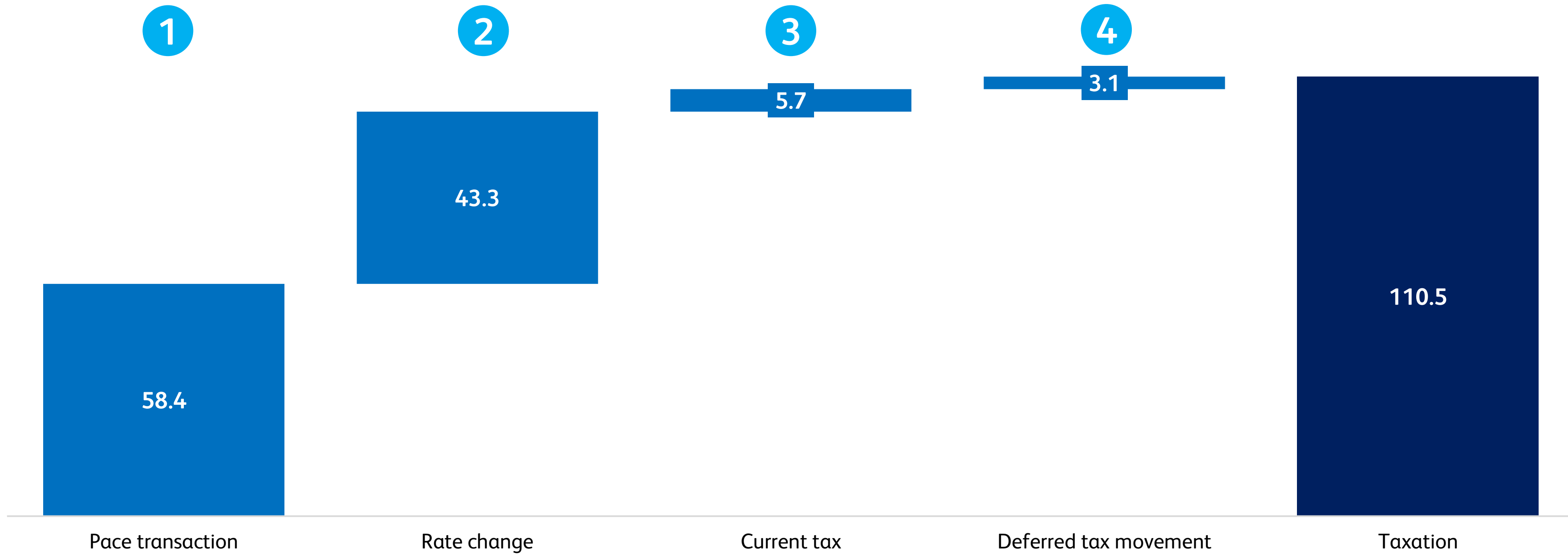
19.8 19.8

Derecognise pension surplus (£m)



Tax charge of £110.5m

Composition of tax charge in the P&L (£m)



1. **Pace 'buy in' transaction – deferred tax charge of £58.4m:** the derecognition of tax losses DTAs that had been previously supported by the Pace net retirement benefit DTL. The derecognition of the DTL is reflected in the pension reserve as a credit of £110.6m.
2. **Rate change – deferred tax charge of £43.3m:** largely the decrease in the recognised deferred tax assets due to the reduction from 8% to 3% in the UK banking surcharge (enacted in February 2022 but effective 1 April 2023) but also the corporation tax rate change impact (increase from 19% to 25% effective 1 April 2023) on the current year deferred tax movements
3. **Current tax charge of £5.7m:** corporation tax payable on the annual profits, including banking surcharge of £0.3m
4. **Deferred tax charge of £3.1m:** movements in DTAs being the utilisation of capital allowances and movements in losses based on future profitability, as well as movements in DTLs

Outlook for 2023 reflects strong position in 2022

	Net interest margin (bps)	Total statutory costs (£m)	Adjusted RoTE (%)	RoTE (%)	Asset quality ratio (bps)	CET1 ratio (%)	Customer assets (£bn)
FY 22 Actuals	166	372.7	13.7		3.1	19.8	20.9
2023	c.180	c.420		c.10	<5		c.22
2024	>180	c.400		c.12	<5		c.23

Adjusted RoTE to be simplified to RoTE from 2023 onwards

Medium term target of 15-17 %

Base case economics [1]	2023
GDP	(0.8 %)
HPI	(6.1 %)
Unemployment rate	4.3 %
Base rate	4.0 %

Adjusted return on tangible equity (Adjusted RoTE %) basis of prep

$$\frac{\textit{Underlying profit - current tax - AT1 coupon}^{2}}{\textit{CET1 resources}}$$

Return on tangible equity (RoTE %) basis of prep

$$\frac{\textit{Profit after tax}}{\textit{Average equity less intangibles}}$$

1. Guidance dependent on base economic assumptions
2. AT1 currently zero

Growth and efficiency in 2023

2023 commitments

- Explore opportunities to optimise capital stack
- Simplify and transform the bank
- Franchise growth
- Leverage values and ethics strengths

Key drivers

Explore opportunities to optimise capital stack
- Consider issuance of MREL-qualifying debt
- Consider opportunities to optimise CET1
- Focus on medium term CET1 target

Simplify and transform the bank
- Complete in-housing of Capita colleagues
- Deliver mortgage originations on new platform
- Migrate all savings and mortgage customers

Franchise growth
- Target customer liability growth opportunities
- New platform for additional product capability

Leverage values and ethics strengths
- Drive positive environmental change
- Release and develop new green products
- Increase income through marketing activity

2023 outputs

- Dividend policy / capital framework
- c.10% RoTE
- Maintain market leading ESG ratings

Delivering the transformation programme

...Our next steps

Mortgage transformation

New platform

- Complete testing
- Implement upgraded originations solution, including new broker portal

Migrations & Servicing

- Deliver servicing capability
- Migrate customers to the new platform

Savings transformation

Products

- Deliver remaining savings products
- Deliver enhanced capabilities such as flexible pricing

Migrations

- Migrate customers from legacy systems onto new platform

Commence decommissioning of legacy estate

Mortgage servicing in-sourcing

- Complete remaining staff moves
- Deliver new workflow solution
- TUPE remaining operations colleagues (1Q 23)
- Complete renovation of new Plymouth premises and transition colleagues

Further disclosure

Environmental, Social & Governance

Enhancing our ESG credentials

Environmental

Our 2022 story

Advocating for reform to combat the financing of the climate crisis

ZERO HOUR

74% of operational waste recycled
(60 % target)

Further reduced emissions of Greenhouse Gases (GHG) by 33%

We launched a Renewable Energy Funding Scheme for business customers **and…**
Green Further Advances product for our retail customers with **£318m** green asset financing deployed

Our 2023 targets

Replenish nature-deprived spaces
Support the reversal of nature loss and improvement in biodiversity across the UK

Scope 1 & 2
Reduce direct scope 1 & 2 emissions related to electricity and gas energy consumption by 6 % in 2023 with a Net Zero status by 2030

Scope 3
Develop a robust programme of work as we strive to decarbonise the Bank and achieve Net Zero status by 2050

Increase recycling further
Aim to recycle at least 75 % of operational waste

Support customer sustainability
Help our customers measure, manage and improve their sustainability

New 'Green' mortgage products
20 % increase in Green, Social and Sustainability eligible mortgage lending

Enhancing our ESG credentials

Social

Our 2022 story

Supporting survivors of economic abuse
Made improvements to our website to help customers to disclose abuse

£1.1m of community investment
Donated through our charity partners

Volunteering hours increased [1]
We increased our colleague volunteering hours by >100 % to 4,170 hours (2021: 1,980)

Our 2023 targets

Campaign to transform the private renting sector
Protecting people at risk of homelessness

Investment in branches
Regeneration and relocation of some of our existing branches to support the community

Supporting our communities to thrive
Committing at least £30m lending to support businesses, organisations and co-operatives to improve our communities

Putting our values into action
Giving back in our local communities by increasing our colleague volunteering hours by a further 50 %

1. Opportunities for corporate volunteering were impacted by Government restrictions due to COVID-19 in 2020 and 2021

Enhancing our ESG credentials

Governance

Our 2022 story

New brand campaign launched
'The bank you can hold to account'

Launch of our updated Customer-led Ethical Policy
sixth iteration since 1992

Executive pay linked to the delivery of ESG commitments

GSS [1] Financing Framework Launched
Green financing on track following inaugural issuance

Our 2023 targets

The Co-operative Bank Charitable Fund
Committing a proportion of Bank profits used to drive positive social and environmental change whilst responding to the needs of our communities

Women in senior positions
Remain committed to our aspirational target to have 45 % of senior positions filled by women

Training for all colleagues
Ensure that all colleagues, including Board and Executive Committee Members, undertake additional training in Environmental, Social and Governance related risks

1. Green, Social and Sustainability

Segmental performance

Segmental £m	Retail			SME			Legacy & central items			Total		
	FY 22	FY 21	Change	FY 22	FY 21	Change	FY 22	FY 21	Change	FY 22	FY 21	Change
Net interest income	397.0	284.8	112.2	69.3	47.4	21.9	(8.0)	(8.3)	0.3	458.3	323.9	134.4
Other operating income	22.7	20.3	2.4	18.7	16.5	2.2	(0.3)	0.8	(1.1)	41.1	37.6	3.5
Total income / (expense)	**419.7**	**305.1**	**114.6**	**88.0**	**63.9**	**24.1**	**(8.3)**	**(7.5)**	**(0.8)**	**499.4**	**361.5**	**137.9**
Staff costs	(92.8)	(86.1)	(6.7)	(24.7)	(21.4)	(3.3)	(2.9)	(2.5)	(0.4)	(120.4)	(110.0)	(10.4)
Non-staff costs	(179.4)	(165.9)	(13.5)	(33.5)	(32.5)	(1.0)	(1.6)	(1.6)	-	(214.5)	(200.0)	(14.5)
Continuous improvement projects	(16.4)	(7.8)	(8.6)	(5.4)	(1.2)	(4.2)	(0.3)	(0.4)	0.1	(22.1)	(9.4)	(12.7)
Operating expenditure	(288.6)	(259.8)	(28.8)	(63.6)	(55.1)	(8.5)	(4.8)	(4.5)	(0.3)	(357.0)	(319.4)	(37.6)
Impairment	(5.2)	0.9	(6.1)	(1.6)	(1.1)	(0.5)	0.4	(0.9)	1.3	(6.4)	(1.1)	(5.3)
Underlying profit / (loss)	**125.9**	**46.2**	**79.7**	**22.8**	**7.7**	**15.1**	**(12.7)**	**(12.9)**	**0.2**	**136.0**	**41.0**	**95.0**

Balance sheet	FY 22	FY 21	Change	FY 22	FY 21	Change	FY 22	FY 21	Change	FY 22	FY 21	Change
Assets	19,841.3	19,756.0	85.3	388.2	441.7	(53.5)	7,903.3	9,125.6	(1,222.3)	28,132.8	29,323.3	(1,190.5)
Liabilities	16,607.8	17,604.4	(996.6)	3,396.8	3,461.0	(64.2)	6,829.2	6,506.0	323.2	26,833.8	27,571.4	(737.6)

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