Key Performance Indicators

Tracking our progress

Protect

Common equity tier 1 capital ratio (%)

2023	13.3
2022	14.6
2021	15.8

Our CET1 capital ratio is significantly above the minimum regulatory requirements, whilst allowing us flexibility for growth. Maintaining a strong capital position is a fundamental component of our model.

Bad debt ratio, excluding Novitas (%)[1]

2023	0.9
2022	0.5
2021	0.2

Our bad debt ratio (excluding Novitas) remains slightly below our long-term average of 1.2%. The consistent application of our underwriting and responsible lending criteria at all stages of the economic cycle is fundamental to our long-term approach.

Banking expense/income ratio (%)

2023	55
2022	52
2021	52

We are focused on achieving positive operating leverage over the medium term and have intensified our focus on cost discipline and efficiency, whilst delivering disciplined growth.

Net interest margin (%)

2023	7.7
2022	7.8
2021	7.7

Net interest margin is a key measure of profitability and reflects both our pricing discipline on new lending and our funding costs. Prioritising margin over volumes is a key facet of our lending approach.

Total funding as a percentage of loan book (%)[2]

2023	130
2022	127
2021	128

We adopt a conservative approach to funding based on the principle of "borrow long, lend short", with a prudent maturity profile. Our funding base is diverse, enabling us to adapt our position through the cycle, based on market conditions and demand.

Liquidity coverage ratio, 12-month average (%)

2023	1,143
2022	924
2021	1,003

Our liquidity coverage ratio is substantially above regulatory requirements, as we continue to adopt a conservative liquidity position and prudently manage our financial resources.

Grow

Loan book growth (%)[2]

2023	5
2022	5
2021	11

Loan book growth remains an output of our business model, as we prioritise our margins and credit quality. Nevertheless, we have a strong track record of delivering disciplined growth by maximising incremental and new opportunities in existing and adjacent markets.

Net inflows (% of opening AuM)

2023	9
2022	5
2021	7

CBAM has a long track record of generating healthy net inflows, with a target range of 6% to 10%.

Return on average tangible equity (%)

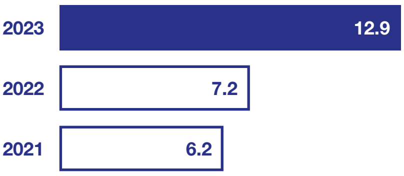
2023	5.9
2022	12.2
2021	16.5

We are focused on delivering for our shareholders and resuming our track record of earnings growth and returns remains a key priority.

1. 2023 bad debt ratio including Novitas of 2.2% (2022: 1.2%).
2. 2021 metrics have been re-presented to include operating lease assets.

Sustain

WBS assets under administration (£ billion)

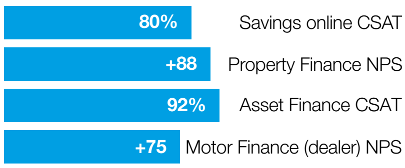


Winterflood Business Services ("WBS") has seen strong growth in recent years, supported by a solid pipeline of clients. The growth of WBS supports the diversification of income streams in Winterflood.

Employee engagement (%)

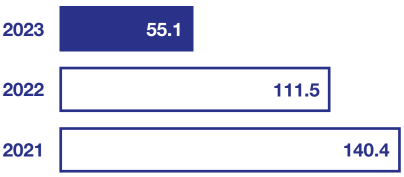
We are committed to fostering a culture that attracts and retains engaged and motivated employees.

Customer scores



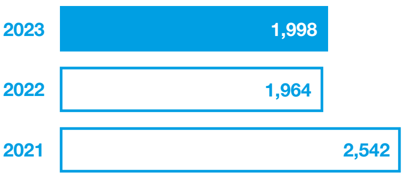
Customers are at the heart of our model, as we focus on delivering high levels of service and sharing our deep industry expertise to meet their needs.

Adjusted basic earnings per share (pence)



Whilst adjusted basic earnings per share has been adversely impacted by provisions taken in relation to Novitas in the year, we remain focused on resuming our track record of earnings growth.

Total Scope 1 and 2 emissions (market-based) (tonnes CO_2e)



We are committed to supporting the transition to a low carbon economy and have set ambitious short-term net zero targets for our Scope 1 and 2 operational emissions.

Dividend per share (pence)

We are committed to our dividend policy, which aims to provide sustainable dividend growth year-on-year, while maintaining a prudent level of dividend cover.

Resuming our track record of earnings growth and returns

We remain dedicated to resuming our track record of earnings growth and returns with a focus on:

Disciplined growth

We are focused on delivering disciplined growth, actively evaluating potential growth opportunities that are aligned with our Model Fit Assessment Framework.

Cost efficiency

We have intensified our focus on cost discipline and efficiency, particularly in light of inflationary pressures. We continue to evaluate additional opportunities for efficiency with a view to achieving positive operating leverage over the medium term.

Capital optimisation

We are committed to optimising further our capital structure, including the issuance of debt capital market securities if appropriate. We are targeting a CET1 capital ratio range of 12% to 13% over the medium term.

The full definitions of these key performance indicators can be found on pages 253 to 257.

● Non-financial metrics forming part of balanced scorecard