

Banking net interest margin^A

	2023	2022
Underlying net interest income (£m)	13,765	13,172
Remove non-banking underlying net interest expense (£m)	311	111
Banking underlying net interest income (£m) (a)	14,076	13,283
Underlying gross loans and advances to customers (£bn)	453.7	459.8
Adjustment for non-banking and other items:		
Fee-based loans and advances (£bn)	(8.9)	(8.4)
Other (£bn)	4.2	5.0
Interest-earning banking assets (£bn)	449.0	456.4
Averaging (£bn)	4.3	(4.4)
Average interest-earning banking assets^A (£bn) (b)	453.3	452.0
Banking net interest margin^A (%) = (a) / (b)	3.11%	2.94%

Cost:income ratio^A

	2023 £m	2022 ¹ £m
Operating costs ^A	9,140	8,672
Remediation	675	255
Total costs (a)	9,815	8,927
Net income (b)	17,932	17,465
Cost:income ratio^A = (a) / (b)	54.7%	51.1%

1 2022 comparatives have been restated to reflect the impact of IFRS 17. See note 1 on page 218.

Loan to deposit ratio^A

	At 31 Dec 2023 £bn	At 31 Dec 2022 £bn
Loans and advances to customers (a)	449.7	454.9
Customer deposits (b)	471.4	475.3
Loan to deposit ratio^A = (a) / (b)	95%	96%

Life and pension sales (present value of new business premiums)^A

	2023 £m	2022 ¹ £m
Total net earned premiums	9,768	8,861
Investment sales	10,615	11,024
Effect of capitalisation factor	3,426	4,687
Effect of annualisation	455	358
Gross premiums from existing long-term business	(6,815)	(5,939)
Life and pensions sales (present value of new business premiums)^A	17,449	18,991

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New business value of insurance and participating investment contracts recognised in the year^A

	2023 £m	2022 £m
Contractual service margin	92	1,793
Risk adjustment for non-financial risk	86	646
Losses recognised on initial recognition	(71)	(75)
	107	2,364
Impacts of reinsurance contracts recognised in the year	29	15
Increments, single premiums and transfers received on workplace pension contracts initially recognised in the year	17	—
Amounts relating to contracts modified to add a drawdown feature and recognised as new contracts	—	(2,280)
New business value of insurance and participating investment contracts recognised in the year^A	153	99