

# TSB reveals record profits as higher interest rates bump up income

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**SB** Bank has revealed its highest pre-tax profits since relaunching in 2013 as increased lending and higher interest rates bumped up its total income to more than £1 billion.

The high street bank said its statutory pre-tax profits hit £183.5 million over 2022, higher than the £157.5 million it saw the previous year.

Total statutory income surged by more than 12% to £1.1 billion, which TSB said reflected it lending more, as well as taking in more cash from higher interest rates and deposit margins.

The lender saw an increase in borrowers upping their mortgage repayments or paying them off early in order to fix a new product ahead of their current rates expiring in a “rapidly rising interest rate environment”.

However, the bank ramped up its impairment provisions to nearly £55 million to cover credit losses, from just £100,000 the previous year, when it had “exceptionally” low charges thanks to releasing Covid-related provisions.

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In challenging and unpredictable economic circumstances, TSB continues to be a relevant, purpose-driven brand offering the banking products and services our customers need most

The 2022 charge reflects the uncertain economic outlook and growing inflation pressures for its customers, the bank said.

However, TSB insisted, like many other big banks have, it has not seen any significant increase in customers experiencing financial difficulties or missing payments.

Robin Bulloch, TSB's chief executive, said that its customers are generally "coping well" and showing resilience.

More customers used savings pots linked to their current accounts, and there has been a shift from variable to fixed-rate savings accounts as people lock away money for longer.

"There has also been a very small shift from discretionary spending such as treats, meals and nights out, to non-discretionary spending on essentials such as mortgages, food and energy bills", Mr Bulloch said.

"Inflation is definitely having an impact on outgoings, and we can see that with debt and credit card spending now higher than pre-pandemic levels.

"But at the same time, with employment levels high and a number of businesses, like TSB, stepping up to support employees, this has been largely offset by salary increases and government support measures.

"We continue to expect more customers to need our support with their finances in the year ahead, but despite the huge pressure people are under, we've seen only a small increase in

customers in arrears.”

The bank also said it plans to pay a dividend of £50 million to its owner [Spanish](#) bank Sabadell for the first time, thanks to its “strong” full-year performance.

Looking ahead, TSB said while inflation is expected to decline this year, higher interest rates will be a challenge for borrowers.

If the economy slows further, it risks higher unemployment, the bank said. The unemployment rate is typically a leading indicator for banks of the health of household finances and therefore its customers.

Mr Bulloch went on: “In challenging and unpredictable economic circumstances, TSB continues to be a relevant, purpose-driven brand offering the banking products and services our customers need most.

“With a relentless focus on improving our service, and more satisfied customers, we have delivered a strong set of results for 2022.

“This includes balance-sheet growth, reduced underlying costs and improved overall profitability and, for the first time, TSB will pay a dividend to our parent company Sabadell.

“I want to thank all of my colleagues for rising to meet the challenges of the past year and helping to build our customers’ money confidence at a time when this has never been more important, as well as enthusiastically getting behind our growth strategy for the coming years.”

TSB, which relaunched in 2013 after merging with [Lloyds Banking Group](#) in the 1990s, was fined £48.7 million last month by [City](#) regulators over computer system failures in 2018 that left millions of its customers unable to access banking services.

On Thursday, TSB said it has ramped up its cost-of-living targeted support, helping 2,300 mortgage customers get back on track after struggling with payments and engaging with more than 40,000 customers most impacted by the cost crunch.