A Case Study on The Co-operative Bank

Part 1

Background

The Co-operative Bank is a retail and commercial bank in the United Kingdom, with its headquarters in Manchester. It was formed in 1872 as the Loan and Deposit Department of the Co-operative Wholesale Society, becoming the CWS Bank four years later. However, the bank did not become a registered company until 1971. In 1975, the bank became the first new member of the Committee of London Clearing Banks for 40 years enabling it to issue its own cheques.

In 1974 the Co-operative Bank offered free banking for personal customers who remained in credit. It was also the first Clearing Bank to offer an interest-bearing cheque account, in 1982.

The bank positions itself as an ethical bank seeking to avoid investing in companies involved in certain elements of the arms trade, fossil fuel extraction, genetic engineering, animal testing and use of sweated labour. In 2002, the parent company Co-operative Group Limited brought the bank and the Co-operative Insurance Society under the control of a newly incorporated holding society, Co-operative Financial Services (CFS), which became the Co-operative Banking Group in 2011.

In 2009 the Co-operative Bank trebled in size by merging with the Britannia Building Society. Britannia was the second largest building society in the UK with total assets of £36.8 billion as of 31 December 2007. At the time of the merger Britannia was an important provider of mortgages, savings and commercial lending services. CFS hired KPMG to undertake due diligence on Britannia. This due diligence exercise did not include Britannia’s loans book and occurred a few months after the FSA had conducted a full review of the Britannia finding nothing untoward. In August 2009 Britannia Building Society became part of Co-operative Financial Services. In 2010 the new expanded Co-operative Bank had £50bn of assets, £36bn of customer deposits and 4.7 million customers.

Following the UK Government’s rescue of the Lloyds Banking Group in 2009, the Co-operative Bank entered into negotiations to purchase over 600 Lloyds branches. EU laws restricting state aid to banks required the sale of the branches in a divestment known as Project Verde. The intention to purchase the branches was announced in July 2012.

The Co-operative Group is a British consumer co-operative with a diverse range of retail businesses. It is co-operatively run and owned by its members and is the largest organisation of this type in the UK. It has over 7 million members who have a say in how the business is run and how its social goals are achieved. The group’s businesses include food, financial services, pharmacy, funeral care, legal services and electrical goods. The organisation is widely called "The Co-op", particularly in the food division.

Membership is open to anyone aged 16 and over, provided they share the values and principles upon which the group was founded. Every year members receive a share of the group’s profit, based on the total amount of profit made, and the amount of money they spent with the organisation in that year.

There are close, long standing ties between the Co-operative Group and one of the main political parties in the UK. The Co-operative Group is a major affiliate and supporter of the Co-operative
Party, which fields candidates in UK national, regional and local elections in conjunction with the Labour Party. At elections these candidates are known as ‘Labour and Co-operative’ candidates. Currently over 200 Labour MPs are also members of the Co-operative party. From 1997 until 2010 the Labour party held the majority in the UK Parliament.

**The Board of the Co-Operative Bank 2012**

Non-Executive Directors:

**Paul Flowers** (BA (Hons), Cd’EO (Geneva), FRSA, FCIBS, FRGS)

**Duncan Bowdler** (BSc (Hons) Biochemistry)

**Richard Coates** (BSc (Econ), FCA)
Age 61. Joined the Board in 2013, Non-Executive Director of Police Mutual Assurance Society. Non-Executive Director of Co-operative Banking Group Limited.

**David Davies** (BSc (Econ), FIA)
Age 65. Joined the Board in 2003, appointed Deputy Chair in 2010 and together with the other Deputy Chair, Peter Harvey, fulfils the role of Senior Independent Director. Qualified actuary. Chair of Pace Pension Scheme and Nortel Networks Pension Scheme in the UK. Non-Executive Director of Interglobal Insurance Company Limited. Non-Executive Director of Co-operative Banking Group Limited, Co-operative Insurance Society Limited and CIS General Insurance Limited.

**Anne Gunther** (BSc (Hons), MBA, ACIB, FCIBS)
Age 58. Joined the Board in 2011. A career retail banker, most recently as Chief Executive of Standard Life Bank and then Chief Executive of Norwich and Peterborough Building Society to secure its merger with the Yorkshire Building Society. Chair of Warwick Business School. Non-Executive Director MBNA Limited and Non-Executive Director of (NEW) Devon NHS Clinical Commissioning Group. Non-Executive Director of Co-operative Banking Group Limited.

**Peter Harvey** (ACIB, Dip FS)
Age 57. Joined the Board in 2009 appointed Deputy Chair in 2012 and together with the other Deputy Chair, David Davies, fulfils the role of Senior Independent Director. Non-Executive Director of Marshalls Holdings Limited. Non-Executive Director of Co-operative Banking Group Limited.

**Merlyn Lowther** (BSc (Hons), MBA, FCIB)
Peter Marks CBE
Age 63. Joined the Board in 2009. Group Chief Executive of Co-operative Group Limited. Named Orange Leader of the Year 2009 in the National Business Awards. Entire working life spent within the Co-operative Movement. Instrumental in bringing about a number of major co-operative mergers over the past decade, as well as the Group’s acquisition of the Somerfield supermarket chain. Non-Executive Director of Thomas Cook Group plc. Non-Executive Director of Co-operative Banking Group Limited.

Bob Newton (BSc, FIA, CDir)

Ben Reid OBE (FCCA)

Len Wardle (BA)
Age 68. Joined the Board in 2002. Chair of Co-operative Group Limited and member of the South East Regional Board. Held management positions in local government and latterly was a Fellow at the University of Surrey in the School of Management. Director of Communicate Mutuality Limited. Non-Executive Director of Co-operative Banking Group Limited.

Martyn Wates (ACA, ATII, BA (Hons))
Age 46. Joined the Board in 2007. Has held various senior finance positions within the Co-operative Movement. Chief Executive of the Co-operative Group's Specialist Businesses Group and Deputy Chief Executive Officer of the Co-operative Group. Director of various internal subsidiaries and Non-Executive Director of Co-operative Banking Group Limited.

Executive Director:
Barry Tootell (BA (Hons), FCA)
Age 51. Joined the Board in 2008. Chief Executive Officer. Qualified accountant with over 20 years of banking experience and was previously Chief Financial Officer. Executive director of Co-operative Banking Group Limited, Co-operative Insurance Society Limited and CIS General Insurance Limited.

Corporate Governance: The 2012 Annual Report

The following are extracts from the Co-operative Bank’s 2012 Annual Report.

Introduction from the Chair

In order to meet its vision of becoming the compelling co-operative alternative and differentiate itself within the banking market the Board believes corporate governance now, more than ever, to be key to the effectiveness of the Bank.
During 2012 the Board has continued to provide leadership, challenge, guidance and support to the Executive and management. The Board focused on a number of things including:

- the implications for the Bank of the potential acquisition of 632 branches from Lloyds Banking Group (Verde);
- the risk management framework;
- the Internal Capital Adequacy Assessment Process (ICAAP);
- Recovery and Resolution Planning (RRP);
- Payment Protection Insurance (PPI);
- packaged accounts; and
- capital markets funding.

A number of steps will be taken to improve corporate governance within the Bank. This will assist the delivery of good governance not only in the boardroom but across the entire business.

**Governance Structures**

The Bank is a subsidiary of the Co-operative Banking Group Limited (the Banking Group) and its ultimate parent organisation is the Co-operative Group Limited (Co-operative Group) which is an Industrial and Provident Society that is jointly owned and democratically controlled by its members.

**Relations with Members**

The Bank has two equity shareholders. The majority of the shares are held by the Banking Group, which is a wholly owned subsidiary of the Co-operative Group. The remainder of the shares are held directly by The Co-operative Group.

The Bank has approximately 2,500 preference shareholders. The preference shares are fixed-interest shares and are non-cumulative and irredeemable. The preference shareholders are entitled to attend the AGM, but the shares only hold speaking or voting rights if and when the dividend has been in arrears for six months or more, or if a resolution is to be proposed at a general meeting abrogating or varying any of their respective rights or privileges, or for the winding up of the Bank or other return of capital and then only on such resolution.

**Compliance with the UK Corporate Governance Code**

The Board believes that during the year, with the exception of the composition of the Board and the Audit Committee, it has fully complied with the principles and provisions of the UK Corporate Governance Code (the Code) appropriate to the democratic structures of the Bank and its parent organisations; the Banking Group and Co-operative Group. The Audit Committee composition now fulfils the requirements of the Code.

**Role and Responsibilities of the Board**

The Board is responsible for the long term success of the Bank within a framework of controls which enables risk to be assessed and managed. It is responsible for setting strategy, maintaining the policy and decision making framework within which this strategy is implemented which ensures that the necessary financial and human resources are in place to meet strategic aims, monitoring performance against key financial and non-financial indicators, overseeing the system of risk management and for setting values and standards in governance matters.
The responsibility of the Board is to direct the business of the Bank and in particular to:

• ensure that the Bank’s affairs are conducted and managed in accordance with its articles of association, the best interests of its stakeholders and co-operative values and principles;
• establish arrangements to ensure the information presented in the annual report and accounts is fair, balanced and understandable;
• agree objectives, policies and strategies, and monitor the performance of executive management;
• approve the annual budget and business plan;
• approve the annual report, financial statements and dividends;
• monitor, utilising various committees, the key significant risks facing the Bank;
• establish Board committees and agree their terms of reference; and
• approve the delegated financial authorities.

Appointment and Re-appointment of Directors

The directors that serve on the Banking Group Board also sit on the Bank Board to provide common leadership of the financial services business. Whilst appointments to the Board are formally made by the Co-operative Group Board, for the recruitment of independent Non-Executive Directors, external recruitment consultants, Warren Partners, are retained and an interview panel comprising Bank Non-Executive Directors, recommend appointments to the Co-operative Group Board.

All Non-Executive Directors are eligible for reappointment at the end of each term of office. The Co-operative Group Board, being party to agreements with the independent professional Non-Executive Directors for services to the Banking Group and its subsidiaries, including the Bank, may resolve to re-appoint at or before the date their contracts expire for a further three year term. It is the normal policy of the Board not to allow an independent professional Non-Executive Director to serve for more than nine years in aggregate.

Two directors left the Bank Board during the year; Rodney Baker-Bates, who had joined the Bank following the merger with Britannia Building Society, retired on 31 July, and after nine years service, Paul Hewitt left on 21 September. David Davies, who was appointed to the Bank Board in 2003, announced that he will be retiring in 2013. Upon his retirement as Chief Executive of the Co-operative Group, Peter Marks will step down from the Bank Board on 18 May 2013.

Under the articles of association, one third of the Board is required to retire by rotation at the conclusion of the Annual General Meeting (AGM). In accordance with the articles of association, therefore, three directors will retire by rotation in 2013, Duncan Bowdler, Peter Harvey and Bob Newton and all offer themselves for re-election at the 2013 AGM. Richard Coates has been appointed to the Board since the conclusion of the last AGM on 15 May 2012, which makes him eligible for re-appointment at the 2013 AGM.

Board Composition

The names of the members of the Board, their biographies and details of length of service are set out above. They were in office for the full period unless otherwise stated.

Of the 12 directors sitting on the Bank’s Board of directors at the end of 2012 there were 11 Non-Executive Directors and one executive director. Of the 11 Non-Executive Directors four are
elected members of the Co-operative Group Board, two are Co-operative Group Executives and five are independent and recruited for their specific financial services experience and expertise.

In addition to the appointment of Richard Coates as an independent Non-Executive Director a search is being undertaken for three additional independent Non-Executive Directors. In February 2013 the Bank announced that Graeme Hardie would be joining the Board as an independent Non-Executive Director with an expected joining date of May 2013.

Following signature of heads of terms for the acquisition of the Verde business, it is recognised that the executive appointments to the Board will be reviewed in due course. Barry Tootell is the Chief Executive of the Bank and is appointed to the Board as a director. The existing Chief Financial Officer, James Mack, has announced his resignation and will be leaving the business in 2013. He is not a director therefore there is no executive director vacancy on the Board.

Independence

The Code requires at least half of the Board, excluding the Chair, to be independent Non-Executive Directors.

At the end of the year five independent Non-Executive Directors (excluding the Chair) sat on the Board: David Davies, Peter Harvey, Bob Newton, Anne Gunther and Merlyn Lowther. Rodney Baker-Bates was an independent professional Non-Executive Director until his retirement.

All the independent non-executives have considerable experience and make valuable contributions to the operation of the Bank. The independent Non-Executive Directors constructively challenge and help develop proposals on strategy and bring strong, independent judgment, knowledge and experience to the Board’s deliberations. The independent Non-Executive Directors are of sufficient calibre and number that their views carry significant weight in the Board’s decision making.

The Role of the Chair

The Chair is a Non-Executive Director and leads the Board in the determination of its strategy and in the achievement of its objectives. The Chair takes personal responsibility for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chair has no involvement in the running of the day to day business of the Bank. The Chair facilitates the effective contribution of directors, constructive relations between the executive and Non-Executive Directors, ensures directors receive accurate, timely and clear information and ensures that there is effective communication with members.

The division of responsibilities between the Chair and the Chief Executive is clearly defined and has been approved by the Board.

The current Chair is Paul Flowers who is an elected member of the Co-operative Group Board. The two Deputy Chairs are David Davies and Peter Harvey (who replaced Rodney Baker-Bates), both of whom are independent Non-Executive Directors. The Deputy Chairs together fill the role of Senior Independent Director.

The Deputy Chair vacancy which will arise on the departure of David Davies in 2013 will be filled by Merlyn Lowther who is also an independent Non-Executive Director. Details of the Chair’s and Deputy Chairs’ professional commitments are included in the biographies detailed above.
The Board is satisfied that these responsibilities do not interfere with the performance of the Chair or Deputy Chairs’ duties for the Bank.

The Role of the Chief Executive and the Executive

The Chief Executive has direct charge of the Bank on a day to day basis and is accountable to the Board for the financial and operational performance of the Bank. It is the responsibility of the Executive to achieve the business objectives as agreed by the Board. The Executive, under the leadership of the Chief Executive, are responsible for the management of the Bank.

Board Statement on Diversity

The Board takes the issue of diversity seriously and actively promotes policies and practices of equality of opportunity, regardless of age, disability, ethnicity, gender, religion or belief or sexual orientation. The Bank Board recognises that having members from different backgrounds and with different skills is key to being a challenging and effective Board and believes that by having a diverse Board it will:

• help the Board represent the views of the wider co-operative membership;
• bring a broad range of skills and knowledge to the Board;
• support good governance through challenge and discussion from a diverse range of viewpoints;
• uphold the co-operative values and principles of honesty, openness, equality and equity; and gain a leadership position in the UK with regards to good governance and Board composition.

The Board policy includes all aspects of diversity, and in particular, responds to the revised UK Corporate Governance Code published in September 2012, which addresses the recommendations by Lord Davies in his ‘Women on Boards’ report published in February 2011. The policy aims to address the representation of women on the Board by setting interim targets for the percentage of female directors serving on the Board which are agreed and will be regularly reviewed by the Board. The policy also aims for a Board composition to reflect the diverse composition of the UK population based on the most recent UK Census results.

Currently, interim targets have been set for the Bank Board to comprise of a minimum of 33% of females by 2016, and to comprise of a minimum of 40% of females by 2018. Of the 12 directors appointed to the Bank Board at the end of 2012, two were women representing 17% of the Board. All recruitment to the Bank Board will take into consideration the Board’s policy on diversity.

Performance Evaluation

The Code requires the Board to undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.

The Board last underwent an external evaluation exercise of its effectiveness at the end of 2010 the only significant recommendation has been addressed during 2011/2012. The next external review is planned for 2013.
An internal self assessment of Board effectiveness took place during the year. Key issues included the provision of competitor information and the adequacy of succession planning. These areas continue to be under review.

Each year, the Board committees undergo internal self assessment of their effectiveness. In 2012, all the key Board committees including both Audit and Board Risk Committees carried out self assessment exercises.

Each year, one third of the Board directors are subject to a peer evaluation selected on length of service from first appointment to the Board, subject to having served at least one year on the Board as at 30 June. Such an exercise took place in 2012. The responses to the peer evaluation questionnaires provided the basis of one to one discussions with the Chair of the Board.

**Induction and Continuing Professional Development**

In line with recommendations of the Code, the Bank has reviewed the induction programme for new directors and all newly elected directors are required to undertake a structured induction programme. This is designed to include key corporate governance and business information, including briefing sessions with the Executive on the strategy and performance of key business areas.

A Board learning and development policy is in place to support all Non-Executive Directors. Following discussion at Board to prioritise collective training and development, thematic learning and development sessions for the whole Board have taken place.

Specific training has been organised for Board committees including the Remuneration and Appointments Committee, the Audit Committee, the Exposures Committee and the Board Risk Committee. In addition, one to one support has been provided to a number of directors.

Directors receive information on the operation of the Board’s Committees, including the powers delegated to the committees, corporate governance practices and procedures and the powers reserved to the Executive together with the latest financial information. This is supplemented by meetings with key senior executives where appropriate, together with in depth training and round table sessions on specific areas.

An electronic ‘reading room’ is available as a resource bank to enable directors to access, revisit and review copies of presentations and materials from the more formal development sessions.

Individual learning and development records are issued to all Non-Executive Directors summarising activity through the year and individual learning plans have been put in place in order to construct the framework for individual and collective learning and development.

The Chair addresses the development needs of the Board as a whole, with a view to developing its effectiveness. He ensures that the directors’ professional development needs are identified and that they are adequately informed about the Group and their responsibilities as directors.

**Conflicts of Interests**

The Board has a conflict of interest policy. The policy outlines how conflicts will be dealt with and the process for directors to follow when notifying the Bank of an actual or potential conflict.
When deciding whether to authorise a conflict or a potential conflict of interest, only those that have no interest in the matter under consideration are able to take part in the decision.

The Board has considered the current external appointments of all directors which may give rise to a situational conflict and has authorised potential conflicts where appropriate.

**Directors and their Interests**

No director had a material interest at any time during the year in any contract of significance, other than a service contract, with the Bank or any of its subsidiary undertakings. No director had a beneficial interest in any ordinary shares in the Bank or the Banking Group or in Co-operative Group Limited, which is the ultimate holding organisation, or in any other entity controlled by the Co-operative Group. As disclosed in his biography on page 12, Bob Newton is a Non-Executive Director of UIA (Insurance) Limited. UIA (Insurance) Limited holds 200,000 preference shares in the Bank.

**Professional Advice and Board Support**

A number of external consultants provide professional advice to the Board. There is an agreed procedure by which directors may take independent professional advice at the Bank’s expense in furtherance of their duties.

**Financial Summary 2012**

Financial measures focus on profitability and underlying financial strength:

**Profit before Tax**

This is a key measure of our performance: 2012 £ (673.7) m.  2011 £ 54.2 m.

The deterioration in the result for the year was principally driven by the following factors:

- Credit impairment on non-core assets: in light of the continued and persistent weakness in the economy, the directors have reassessed the carrying value of the customer loan portfolios of the Bank. This has resulted in an impairment charge of £351.1m during the year (2011: £23.1m), principally relating to the non-core corporate business. The non-core business contains the majority of the impairment risk for the Bank. It includes non-prime residential mortgages and commercial real estate assets, which originated from the non-member Britannia business prior to merger;

- Intangible asset impairment: the directors have re-evaluated the carrying value of the investment made to date in developing our new banking platform, and have concluded that a write down of £150.0m is required. The impact of the continuing and prolonged economic downturn on the future value stream from the new banking platform now indicates that the carrying value should be reduced;

- Personal Protection Insurance (PPI): in line with the rest of the banking industry, the Bank saw a continued increase in the volume of PPI complaints in 2012. As a result, the charge of £40.0m reported at the half year has been increased by a further £109.7m, to cover the anticipated cost of customer redress. This increases the total estimated cost of redress to £244.0m;

- Continued economic downturn: the reduction in operating profit within the core business from £137.3m in 2011 to £96.8m in 2012 was broadly attributable to the
continued economic downturn. Margins remain under pressure as the result of prolonged low interest rates.

Core Tier 1 Ratio

A key industry measure of financial strength: 2012 8.8%. 2011 9.6%.

The capital position has been impacted by the statutory loss for the year, with a Core Tier 1 ratio of 8.8% (2011: 9.6%). The total capital ratio was 14.4% (2011: 14.7%), with a Tier 1 ratio of 9.4% (2011: 10.1%). Since the year end, the Bank has completed a securitisation transaction to reduce risk on the balance sheet, which has improved the Core Tier 1 ratio by 0.4%, and which would increase the year end ratio to 9.2% on a pro forma basis. This transaction is one of a range of actions targeted, as part of a strategic review, at improving our capital strength. The completion in 2013 of the sale of the Life and Savings business owned by the Co-operative Banking Group should, subject to regulatory approval, further strengthen the capital position.

Chairman’s Overview

Like many financial organisations, we are still adjusting to the ‘new normal’ of protracted low interest rates, anaemic economic recovery and the complex challenges facing the banking and wider financial sector in general. I opened last year’s Chair’s statement for the financial accounts by writing about how eventful the past 12 months had been. This has remained the case during 2012. Government action on regulation and governance for the industry and a growing sense of frustration from the public about lack of trust in their banks has meant that this year has been one of the busiest and most challenging we have ever encountered in our history.

I should start by saying that we recognise our reported loss in 2012 is disappointing. There are a number of exceptional factors in the form of corporate impairment losses and PPI costs, but we are also undergoing transformational restructuring as part of the outcome of our strategic review which is focused on enhancing the strength of our core bank. However, as the business moves through this change and we concentrate on leveraging the strength of our brand in relationship banking services for both retail and business customers, I am confident that our continued focus on what is right for our customers and members will provide a strong platform for future growth.

This is reflected in the financials of our core business. Although the issue of trust remained a key theme for the industry in 2012, we have seen the strength of our co-operative model become the catalyst for another jump in new business activity with over 100,000 customers joining us in the summer alone and switching their primary banking relationship to us. This steady growth in our customer base continues, our core business remains profitable and our balance sheet remains robust with good capital ratios, which we will take measures to continue to strengthen, and high levels of liquidity.

With the economic backdrop still fragile, there are no doubt more challenges ahead. However, our commitment to deliver customers and members the right products through industry leading customer service and underpinned by our ethical policy provide us with a strong platform for the future.
Chief Executive’s Overview

Although we have protected ourselves from a number of potential banking pitfalls, and our exposure to peripheral European debt remains low, this has been a challenging year for the business. Whilst our core business delivered a solid result, the overall results reflect a number of charges relating to corporate impairment, further PPI provision and our own transformation programme which have significantly impacted profits across our business.

We are reporting an overall operating loss of £280.5m (2011: profit of £141.1m) and a loss before tax of £673.7m (2011 profit of £54.2m). In addition to further PPI provision and re-visiting the value ascribed to investments made to date in our transformation plan, we have increased the level of provisioning for impaired loans in light of weak economic recovery prospects relating primarily to commercial real estate assets originating from the Britannia book of business. As a result, these factors led to a significant increase in overall provisions which will inevitably impact on the overall short term profitability of the business. Against this, our core business reported a £96.8m operating profit, which although down on 2011 is a creditable performance in difficult economic circumstances and provides a strong platform for future growth.

These results are disappointing, but are framed by the outcome of a recent strategic review designed to build on the strength of the Bank’s core retail and business operations and at the same time increase our focus on de-risking the non-core assets in order to further strengthen the balance sheet. This review, supported by a strengthened management team and premier league advisory partners, will deliver capital benefits from a range of initiatives including a review of the composition of our wider Banking Group and the deleveraging of our balance sheet. The Bank’s underlying financial strength remains intact and we will continue our strategy for growth in areas where we can evidence a compelling co-operative solution, supporting retail and business customers and offering them products and services that are right for them.

We believe the ethos of our business provides a solid platform to broaden our reach and appeal in the UK banking sector, whether that is through the Lloyd’s deal (referred to as Project Verde) or through continued organic growth. Project Verde would see the equivalent of ten years’ growth in one business deal and the transaction would see us take a 7% market share of UK personal current accounts, with around 1,000 branches UK wide. We remain in active discussions with Lloyds Banking Group regarding the sale of its Verde business and both parties remain committed towards reaching an agreement. We have always been clear that any deal of this nature is complex and must satisfy the exacting interests of our customers and members.

The Chairman, Paul Flowers

Paul Flowers is not a banker and has very little experience of banking. He is a Methodist minister who has been active in politics. When appointed Flowers had no knowledge of finance and no previous experience of running the board of a major corporation. He was appointed to “chair an unruly board of 22 individuals, and two deputies were appointed – Rodney Baker-Bates and David Davies – to counter his lack of banking knowledge”. a Labour party politician in local government.

Mr Flowers has been local Labour councillor (politician) serving on the local government in several major UK cities. He used his political skill to work his way through the non-banking part of Co-Op Bank. At various times he chaired a drug abuse charity, Lifeline; was a member of the Advertising Standards Authority and was vice chair of the National Association of Citizens’ Advice Bureau.
Questions:

- Comment on the bank’s corporate governance
- What observations do you have on the board members and chairman?
- What are your views on the bank’s corporate strategy?
  - Offer specific advice to the FSA