

News release

31st July 2024

Coventry Building Society reports strong first half year results

A strong first half performance for the Society, where we continued to grow savings and mortgages in a disciplined way, whilst delivering outstanding value and service to our members. We further enhanced our capital base which is providing the foundation for investment and future growth.

Commenting on these results, Steve Hughes, Chief Executive Coventry Building Society, said: “I am delighted to report that the Society has continued its sustained record of delivery in the first six months of the year. We have grown mortgages and savings in a market where economic uncertainty persists and continued to offer great value products and exceptional service to our members. The Society has recorded a strong financial performance in the first half of 2024 and further enhanced our capital position. We are making good progress to complete the acquisition of The Co-operative Bank in the first quarter of 2025.”

Growing mortgages and savings

- **Mortgage balances grew by £1.1bn (2.2%) to £51.4bn.** The growth in mortgage balances is due to a robust mortgage pipeline, improved retention and has been supported by a conscious and disciplined approach to lending that reflects current market conditions and the needs of our members.
- **Savings balances grew by £1.2bn (2.6%) to £48.8bn.** We have grown savings by offering competitive products, underpinned by exceptional service and we continue to pay higher savings rates than the market average, increasing the premium paid to members from £163m to £195m¹, which equates to an additional 0.87% in interest (H1 2023: 0.79%).

Strong financial performance

- **Profit before tax of £159m (H1 2023: £269m).** Whilst a decrease on prior year, this is in line with expectations following an exceptional operating environment in 2023. Net interest margin reduced to 1.05% (H1 2023: 1.34%) as base rates stabilised, retail savings competition increased and mortgage customers repriced to lower margin products.
- **Continued low arrears with only 0.31% of mortgages more than 3 months in arrears (FY 2023: 0.26%).** The credit quality of our book remains resilient and our arrears are a third of the industry average².
- A highly successful and oversubscribed **issuance of £665 million Additional Tier 1** capital was completed in June which further strengthens the balance sheet ahead of the planned Co-operative Bank acquisition.
- **The Society's leverage ratio increased to 5.6% (FY 2023: 5.4%)** with the continued strong profitability enhancing our capital position. The Common Equity Tier 1 (CET 1) ratio is broadly stable at 28.9% (FY 2023: 29.1%) and remains significantly above statutory requirements.

Delivering on our service promise whilst continuing to invest for the future

- **Industry leading customer service** with Net Promoter Score improving to +79 (FY 2023: +76) and the continued investment in our people and technology helping to reduce average call answering time from 105 to 62 seconds. Recognised by Fairer Finance for outstanding mortgage and savings customer experience receiving gold ribbons in both categories.
- **Invested £43m in H1 2024** with considerable progress on the digitalisation of our savings propositions, most notably our successful app launch and self-service options for members with maturing accounts. We continue to transform our technology infrastructure and operational and financial resilience.
- In May we **signed a share purchase agreement for the acquisition of The Co-operative Bank** which is expected to complete in Q1 2025³. This will increase both the Group's mortgage and savings presence and extend the

Society's propositions into the personal current account and business banking markets.

Supporting colleagues and the communities we serve

- Continued to **support our communities with over £1.5m of investment** in the first half of 2024 (H1 2023: £1.3m), helping to support local partners and building on our relationship with Centrepoint.
- **Improved our ranking in the Great Place to Work table of super large organisations from 13 to 11**, as well as being recognised as one of the best places to work for women and for wellbeing.

Coventry Building Society's half year results can be read in full at: [Financial results \(coventrybuildingsociety.co.uk\)](https://www.coventrybuildingsociety.co.uk/financial-results)

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Notes for Editors

1. Based on the Society's average month end savings rate compared to the CACI market average rate for savings accounts, excluding current accounts and offset savings, for the first five months of the year (H1 2023: five months).
2. Based on UK Finance Q1 2024 published data
3. Subject to regulatory approvals

Coventry Building Society

Coventry Building Society is one of the UK's largest building societies and a top ten UK savings and mortgage provider.

Coventry Building Society is committed to making financial services simple and open for its members. Its website allows savers to compare the Coventry's savings accounts with similar products across the whole of the market.