Coventry Building Society – half year results 2024

Sarb
Hello, and thank you for joining us for Coventry Building Society's 2024 half year results. My name is Sarb and I'm from our Treasury Department. And with me today, I have Steve Hughes, Chief Executive Officer.

Steve
Hello, Sarb.

Sarb
Hi Steve. Lucy Becque, Chief People Officer.

Lucy
Hi, Sarb.

Sarb
And Lee Raybould, Chief Finance Officer.

Lee
Hi, Sarb.

Sarb
Steve, the Society celebrates its 140th birthday this year and in keeping with a long and successful history, has continued to deliver a strong performance. Perhaps we could kick off with talking us through some of your highlights.

Steve
Yeah, 140 years old. And we've had a fantastic celebration with colleagues already this year, probably one of the highlights of my tenure within the organisation. Look I think over 140 years, I think there are couple of words that sort of typify the performance of the Society - long term and balanced. And I think the first six months of this year have been no different. So, if I talk through our balance scorecard which is how we manage and run the organisation, we continue to see really strong colleague engagement and continue to see really strong impacts in our communities and with our charity partners.

Growth, we've been very disciplined in terms of the growth of both our mortgages and savings elements of our balance sheet. We've done that in a controlled way, deliberately so. Participating when we feel margins were right for us as an organisation. But our service, fantastic at +79 well ahead of our plans. And then we come to our financial performance, you know, £159 million of profit. I absolutely accept down on last year, but last year was an exceptional year and we're still ahead of our sort of own internal plans this year. And what that means is we've added to capital, you know, leverage ratio of 5.6%, a CET1 ratio of over 29%. That provides resilience to our members, but also gives us strategic optionality, which clearly, we are pursuing with the acquisition of The Co-operative Bank. And then we continue to invest for the long term. You know, over £40 million invested in the first half of the year as we seek to digitise our mortgage and savings businesses, you know, as we invest heavily in infrastructure to improve our resilience and our security. And we continue to invest in our sort of finance, data, people, systems. So, you know, a first half that I am immensely proud of.

Sarb
Steve, many of our investors will be interested in the mortgage market and how we've performed. Can you talk a little bit about that please?

Steve
Look, it's been a subdued market. If anything, we've probably seen the sort of first time buyer, higher LTV part of the market hold up, but certainly a core part of the market in which we

participate, i.e. the sort of remortgage market has been subdued. We've made very very conscious decisions in terms of our growth. We've grown the balance sheet by over £1 billion which is a couple of percent, so ahead of the market growth. But we've been very very focused on the returns of mortgages. And that's why we've done that in a very, very controlled and disciplined way. We continue to provide brilliant service to our brokers and direct to consumers. Our retention performance, for example, has been excellent in the first half of the year. And we've made some fantastic strides in terms of, digitising our mortgage origination process, which allows us in the future to be able to scale our business more effectively. So, a subdued market, some really disciplined and balanced decision making, but still growth that is ahead of the market.

Sarb
Customer expectations and the increased use of digital channels is changing the way that products are both designed and delivered. How's the Society ensuring that it keeps at pace with this?

Steve
Look, we use a strapline in the business that, over the medium to long term, that we want to be digital first. But human always. We've seen fantastic success in the first half of the year, in terms of the launch of our App, and we're now up to 100,000 users on that App. We've digitised our savings maturities, and we've got even more, digitisation to come in terms of our savings business in the second half of the year. I've already talked about digitisation of our mortgage origination. We've launched web chat to brokers, and they absolutely love it. So digital is going to play a really important role for us. But we shouldn't forget that there are many of our members and customers who still want to talk to real human beings, right? And for that reason, our telephony performance and branch presence are still really important. And take branches, they're sort of reinventing themselves a little bit, Sarb, if I'm honest. We now take a third of every telephone call in our organisation through our branch network and that allows us to remain present on the high street while driving a greater usage and efficiency of those branches. So digital, a lot of investment, absolutely. But equally always having that human touch.

Sarb
Steve, and how is the Society supporting both our colleagues and communities that we serve?

Steve
Sarb, our colleagues are so important in relation to the delivery of this result in the first half, as they've been over many years and their engagement and trust. And Lucy will talk through a little bit later where we are with that. I'm immensely proud of. Our members tell us there's four things important to them, that they think mutuality should deliver on. Value, service, safety, safety of their money and their data. And then they say, we expect you to make a difference to me and my world. And whether that's the sort of level of community investment that we're doing, we tend to invest £3 million a year, and £1 million of that with our partner, Centrepoint. You know, it makes a meaningful difference to people's lives and impact in our communities. And I'm proud of that and will continue to do that. And I think it's one of the proof points of being a mutual organisation and being able to make the right long-term decisions.

Sarb
Steve, when we last spoke, you mentioned the potential acquisition of The Co-operative Bank. Since then, the Society has entered into a share purchase agreement. Can you talk a little bit more about this?

Steve
Well, clearly, Sarb, we're now going through the regulatory approval process. And so, I'm happy to share what is already in the public domain, I suppose. And we believe that there's a strategic rationale, a compelling strategic rationale for the deal, and whether that be the financial case for the deal, building of scale, entry into the sort of personal current account market and business banking market, and an opportunity to bring together two heritages, two brands that are built on an ethical and really strong mutual social purpose. We believe it's the right long-term decision for our

members. We're really happy to come back and share more of this once regulatory approval is granted.

I think there's one thing I'm really proud of, is the success of our AT1 issuance. I personally talked to over 50 investors. And I think the success of that market issuance is a clear demonstration that our investor base believe in the strategy that we're pursuing too. So, let's watch this space, and when we can share more, we absolutely will.

Sarb
Steve, buying a bank is a huge undertaking. How are you ensuring that it doesn't distract you from the day-to-day BAU?

Steve
It's safe to assume, Sarb, that's been a key challenge from our Board to us as an executive, that we absolutely keep our eye on the ball and keep delivering for members and colleagues and communities. And I think our first half year results clearly demonstrate that. And if anything, I'm more proud of them than any set of results since I've been here, given the scale of the transaction that we've been undertaking as well.

So, I think the results speak for themselves. And we are really clear that we are going to have to sustain great service, great value to members. And at the end of the day sustained profitability and capital accretion. So, it's got all of our focus, and we're determined to do that alongside the transaction.

Sarb
Thanks, Steve. Before moving on, can you give us an update on the outlook looking forwards?

Steve
Outlook's a difficult one. So, if I think of my four-year tenure in the organisation, we've had pandemics, heartbreaking conflict, geopolitical tensions, cost of living, it's always been an uncertain time. What we're now facing into is clearly a change of government and we're also facing some uncertainty around Bank of England base rate and the movements there.

Clearly there's still a lot of geopolitical tension around the world and a lot of big political change to happen. I can't predict the future, and I don't try to, but our investors and our members and our colleagues should be assured that we plan for every eventuality, and we'll continue to make the right long-term decisions in the interest of our members.

Sarb
Thanks, Steve. Steve touched on strategic ambition and financial resilience.
Lee, can you talk us through financial performance?

Lee
Yeah look, a headline level I'd probably start by echoing some of what Steve has said actually. I think in overall terms, we've seen above-market growth. We've seen service improve to, I think, outstanding levels.

We've delivered record value to savers in the six-month period.

Steve touched on it. Profit is down, period on period, but in context, it's the second-strongest half year in our history.

So, as a rounded performance, we're really delighted with that. Now, as I said, profit is down, but it's down from exceptional levels, and ultimately, we're still generating levels of profit that is adding to capital, and I can touch on that a little bit more.

And we've not done that without delivering great value to savers. That is not really a concern to us. Income was always going to normalise, income normalising off the 2023 period, which saw unprecedented 14 increases in bank base rate.

I think we tried to trail that well, six months ago and also 12 months ago. So hopefully that's not a surprise to anybody. So, income is the main driver of the profit performance. There is a few other things that are probably just worth me mentioning right up front that are a bit of a swing, period on period. So, fair value and derivatives has moved £35 million period on period negatively.

Sometimes we get small gains, sometimes we get small losses. So that's not a concern to us, but it does colour, if you like, the year on year performance.

Positively, we've seen improvements on expected credit losses. So, there's been a £25 million positive swing, period on period, on that. And again, I can kind of touch on that in a bit more detail. And then we've already touched on the acquisition. We have incurred £14 million of costs in the first half of this year in connection with the acquisition. So, when you take those three items in the round, there is a £25 million negative impact on period on period profit.

Sarb
Lee, you mentioned that income has fallen. Can you talk a little bit more around that, please?

Lee
Yeah, so, as I touched on, income peaked actually in quarter two, 2023. And that was the effect of that rapid increase in bank base rate. And really, what was going on there was on the mortgage side, our mortgage receivables were repricing instantly. But on the funding side of the business, where we've got half of our retail funding base, broadly half of our retail funding base, which is variable, there's tended to be a two, three, four week lag in the repricing of those liabilities following the base rate move. And because of such a strong increase, sustained increase in base rates, that gave us that real kicker in the period last year. Obviously, we've had stable base rates, and that kicker hasn't come through in 2024.

The other thing I would say is that we probably saw in the second half of 2023 more competition for retail savings. There was a lot of movement, and we saw a reasonable amount of movement in terms of our variable savings balances. And obviously, that's fed into the cost of retail liabilities in the first six months of this year. So, they're really the main drivers of why income has fallen period on period. And I think the net interest margin was 126, 12 months ago. We've just reported 105.

Pleasingly, though, I think most of that normalisation has occurred. So, I would broadly expect that the second half of the year would be broadly comparable. Obviously, there'll be a little bit of variability depending upon what happens with base rates, both in terms of the number and speed of any cuts that come in the second half.

Sarb
Lee, costs look like they're up by 17% period on period. Can you add some colour to what's going on there, please?

Lee
Yeah, so, it's probably quite important because costs up 17% on the face of it. That wouldn't be a great performance. So, they're up £24 million period on period. I've touched on one of the reasons for that already. So, there's probably two reasons that costs look like they've grown abnormally high. The first is the £14 million of acquisition costs in relation to The Co-operative Bank. So, that's clearly the biggest determinant. Now, there's another £7 million for the new Bank of England levy that is in the 2024 numbers that were not in the 2023 numbers. So, actually, if you strip those out and then just look at more of an underlying period on period, what's gone on, actually, it's a really strong performance. Costs are up only 2%. And if you set that against, a high inflationary environment, that shows that the investment that we've been making over a number of years now is starting to pay dividends in terms of the efficiency of the Society. So, yes, headline level costs

are up significantly, but an underlying level, actually, we are still very focused on efficiency and we are starting to see some improvements come through. Now, if you take in combination, what I've just said about income and that normalisation and some of the exceptional costs that have come through, that has had an impact in terms of the cost-income ratio in the period. So, we're reporting a cost-income ratio of 54%. I still think that will look very strong in our sector. It's probably artificially a little bit higher because of some of those one-off costs. And hopefully we'll see some improvements in the period ahead.

Sarb
Lee, how is the Society ensuring that the level of investment keeps pace with new technology developed and adopted by core market competitors?

Lee
Yes, a good question, Sarb. I think I'd probably start by setting some context, which is, if you look back over the last three years, I would say, the financial performance of the Society has been really strong. And through that period, we've really stepped up, actually, the level of investment in a whole range of areas.

And the decision-making of the Society is inherently about the long-term health and the sustainability of the Society, focusing on delivering value for members.

And this period has been no different. We've seen some big milestones in terms of our digital agenda. Steve's touched on that already.

We've made ongoing investments into things like operational resilience, into cyber, we're seeing investment in our new mortgage platform come to fruition as well.

So, the agenda is definitely not finished, and our current plans do not assume that we start cutting back on levels of investment. There's lots to do, and we'll continue to invest in the right areas for the long-term health of the Society.

Sarb
Lee, there is a risk that the scope and complexity of regulatory change and expectation could increase the Society's cost and capital requirements if not delivered effectively. How is this being managed?

Lee
Yeah, well, regulatory change and the complexity that comes with that, Sarb, is definitely not something that's new. We've been living with this for more than a decade now. If I think about the recent period, we've just finished 12 to 18 months of good work in terms of Consumer Duty. We're now moving into a period of embedding with that regulation. We've got implementation of Basel 3.1 on the horizon. We're still awaiting feedback from the PRA in terms of the implementation of hybrid IRB models.

And we're approaching, as people know, £50 billion of deposits, at which point we will get caught by the leverage capital regime.

And with that will just come additional capital costs, because we do expect that to be our binding capital constraint.

And as we grow just generally, the level of regulation and supervision is only going in one direction.

So, I think there is some additional cost. There is some additional complexity that comes with that. I don't think it's insurmountable, and as I say, we've been living with it for more than a decade, frankly. I think what it does mean is we need to stay as a business very, very focused on ongoing improvements to efficiency, which I've already touched on, to counteract some of those impacts.

Sarb
Lee, you already mentioned that there was a release of ECLs. Can you explain that, given that there was also a rise in arrears?

Lee
Yeah, so our arrears levels rose modestly, so we've seen a move from 26 basis points to 31 basis points. Obviously, when we're doing our provisioning, that is a future estimate of credit losses. And we're pleasantly surprised and pleased at the resilience of the mortgage book. We had expected, given the cost of living crisis and also significant increase in mortgage costs for borrowers, we had expected to see more of an impact than we have. So, we're very, very pleased.

In terms of absolute levels, we're seeing provisions on the balance sheet reduce from about £43 million to just under £30 million.

Why? That is principally because we've reviewed our cost of living Post-Model Adjustment in the light of the performance that we've actually seen. So that cost of living PMA has been reduced. What I'd say, though, is that we still remain cautious. We're making prudent judgments and estimates about what will come.

And we will continue to do that.

Sarb
Lee, an environment of increased inflation and interest rates has led to increased mortgage costs for borrowers and impacts affordability and the ability to repay. What is the Society doing to help its members in this regard?

Lee
Yeah, look, it's been a really challenging period, hasn't it, for borrowers. And we've been really, really conscious of that and doing what we can to minimise the impact on borrowers. So, what do I mean by that? Well, we've restricted the extent to which we've increased our SVR rate. In fact, savings rates have risen by more than we've increased our mortgage rate.

And we have been very, very competitive with our mortgage pricing as well. And Steve's already touched on retention. And I think that is the competitiveness of our range is borne out by our retention performance. I think we are something like £2 billion less redemptions in the six months of this year than the prior period. And that is a significant improvement in retention period on period. So, there's a value play, I suppose, in that context.

Now, we continue to be a low-risk lender.

And through this period, which has been, I would say, unusually dynamic, what it meant is that we've had to revisit more frequently, credit policy scorecards and the like to make sure that they reflect an ever-changing environment that we're in. And that includes things like stress affordability calculations as well.

And in addition, we've had a continuation of outbound contact to borrowers where, in particular, we think people may be encountering difficulty. And we've really tried to kind of get ahead of that.

What's interesting is that people are very pleased, I think grateful that the offer of support is there. The reality of the situation is that we've seen very, very few people take up that offer of support. And that's probably kind of also seen in the relatively modest movement in arrears levels. So, we will continue to support our borrowers moving forward as we have.

Sarb
Lee, can you provide an update on capital, please?

Lee
Yeah, sure. I think I've said already that we're increasingly focused on the leveraged capital regime. We are approaching £50 billion of deposits. And therefore, that is going to be the binding capital constraint on the Society.

In the period, as I said, a strong profit performance, albeit down on the previous period. But we've added 20 basis points of incremental leverage in that period. So, leverage is moved from 5.4%, 12 months ago, to 5.6% now. So really, really pleased that we're in a strong place there.

On the CET1 side, we have seen CET1 pretty stable, around 29% period on period, significantly above regulatory minima. Probably worth me noting that we submitted to the PRA our hybrid IRB models just over 12 months ago now. We are still awaiting feedback. So, there is a little bit of uncertainty as to whether the Post-Model Adjustments that we've made and are included in the numbers by way of higher RWAs, whether there will be some revision to those when we get feedback. So, I can't really say more on that right now. Obviously, we'll share more when we know more.

Now, in the period, when we're talking capital, Steve touched on AT1. And we are super, super pleased with the transaction in June.

We simultaneously issued and contended the existing AT1 instrument. So, we had 415, as you know, Sarb issued five years ago now. We did the tender. Really pleased with the take-up, 93% take-up on that tender.

And in terms of the new issue, from my perspective, that couldn't have gone better. I think we had over 300 orders come in with a book of £4.7 billion.

So really tremendous support. And I'd very much echo what Steve said, which is I think it's a reflection, hopefully, of the strength and resilience of the Society, but also a vote of confidence in the strategy and the strategic direction that we are pursuing.

It is probably worth just touching on, liquidity remains very, very strong. We're holding liquidity balances around £11 billion. I think we've got LCR 270%, 272% there or thereabouts. So, we remain very, very defensive from a liquidity performance and in part is a reflection of such a strong retail savings performance over the last 12 or 18 months.

Sarb
Lee, can you provide an update on mortgages and savings performance?

Lee
Yeah, I think we've probably said quite a lot already about mortgages and savings. I guess my summary would be growth above market average, 2.2%, in a market that's been largely flat off the back of a significant increase in mortgage rates. So, you know, really pleased with that. What underpins that, I think in this period more than most periods, is actually not new lending, but it's actually the retention of existing business. And I've touched on it already, £2 billion improvement in retention period on period. It's that that's really fuelled a strong growth performance in the six months. And then if I think about the book quality, we've seen a very small increase in the weighted average LTV on the book, I think 53.4%, that's the number that we're reporting today. It's ever so slightly a reflection of house prices being flat and the LTV of new lending. But in absolute terms, a very, very low LTV book at 53%. So that would be my summary, if you will, of mortgages.

On the savings side, I think as consistent with previous periods, our proposition is underpinned by outstanding service. Steve's touched on NPS and value. We've delivered record value back to savers in six months. So, we've seen 2.6% growth in our savings book. That's vis-a-vis 2.2% growth on mortgages. So, we're still growing at this point in the cycle savings more than we are growing mortgages.

But I think that shows the strength of the overall franchise.

And if I'm really honest, I may have expected our value that we deliver back to savers to have reduced, maybe more in line with profit, but it hasn't. We've sustained very, very strong rates. And I think that's pleasing to see through quite a difficult period where inflation has been at such high levels.

Sarb
So, Lee, has talked us through financial performance and capital strength. But what about wider support for our colleagues?

One for you, Lucy?

Lucy
Yeah, no problem. Steve talked a little bit about engagement. At +81, those results don't come by accident. We can absolutely see the Society climbing through the league tables, be that as a Great Place To Work for Women, for Wellbeing. And to my mind, you can draw a direct line between those fantastic engagement scores and what's being delivered, be it the customer service, be it low complaints, be it fantastic delivery against the transformation agenda. It all comes back to having brilliant colleagues who are really well engaged.

So let me bring to life some of the activity that's taken place to support that engagement during the course of the year. We've had 500 new colleagues join us in the course of the last year. But we've also really paid attention to internal mobility. We know how important it is for colleagues to build a career when they're with us. So more than half of our senior manager and above roles are filled internally.

As you would expect from a purpose-led organisation, we really focused on D&I. We've continued to make progress against the ambitions that we've laid out for more of our senior roles to be held by women and to be held by colleagues from an ethnic minority background. I'm now part of an executive team that's gender balanced. And I can say, personally, it makes a difference.

We've particularly looked at our head of roles, so that next level down from the executive team. And we've seen a doubling in roles held by colleagues from an ethnic minority background in the last year. So definitely being able to see a step forward.

You've heard from both Lee and Steve a little bit about the acquisition of The Co-operative Bank.

We know it's going to be really important that we support leaders through a time of significant change. And they in turn will support their teams. So, we've got a new suite of leadership developments. It's accredited by the Institute of Leadership and Management. We've seen a really fantastic take-up by colleagues. And it's important that we continue that investment in our leaders.

Investment for colleagues in their developments. We've got some fantastic academies out there from digital to data to cyber. They are a really important way of helping colleagues to build their skills. But we're also building capability within the organisation.

This year we signed up to the 5% Club. So that is organisations that are committed to 5% of all of its workforce being in sort of earn to learn schemes. So be that internships, apprenticeships, graduate schemes.

So that very much aligns with the work that we're doing at the moment. We already have an ambition around our apprenticeships to create 250 new apprenticeships by 2025. I reckon I'm in with a good shout and maybe bringing that in 12 months early. We can really see the difference that apprenticeships make in the organisation. Be that in customer roles, be that in some of our deeply technical roles in IT. They just work well for us.

Steve talked about celebrations for our 140th birthday. There is so much data that shows that when people have fun at work, it drives engagement. And driving engagement we know drives results. So, we do pay attention to it. As well as paying attention to recognising the great behaviours that we see. So, we fund a recognition scheme where every colleague around the organisation can recognise another colleague where they're doing things in line with our values. We think that's really important. We've carried on paying attention to wellbeing, which is something that has been part of our people strategy for years. So, things like onsite cancer screenings. We know that can be really difficult to access through the NHS.

So, it's a whistlestop tour, but hopefully it gives you a bit of a sense of the activity that's gone on around the Society in support of engagement.

Sarb
And how about communities, Lucy? What are the highlights for the first half of the year?

Lucy
Well, lots of highlights. So, Steve talked a little bit about maintaining the funding. So, we increased our funding during COVID. We've carried on at those heightened levels because we can still see the scale of need within our communities.

Probably the biggest highlight for me in the first half of the year was opening of the Youth Hub in Coventry. So, any young person in the city of Coventry who is either experiencing homelessness or at risk of homelessness previously would need to negotiate a really complex system. So going to different locations, navigating that with different individuals, be that around housing support, around benefits, around education. So, a really, really tough set of systems to negotiate. What the Youth Hub does as part of our partnership with Centrepoint is it is a single location for any young person in the city of Coventry to come. And then the way they describe it is and what they need wraps around them. So rather than having to go to these multiple places to try and navigate the system, tell your story, which might be quite an emotional one, many times over, you go to a single location and what everything that that young person needs is available in that location.

Now, as well as being able to see the level of demand. So, since we've opened the doors, you know, the number of young people that are using the services way beyond what we'd anticipated. So, you know, we feel really proud that we're fulfilling a need. But it was also brilliant to see the organisation rally around that. So, at the point we took on the premises, there was quite a lot of work that was going to be needed to get it ready to welcome young people. So, in stepped the Coventry Building Society property team and they bought their time and energy. They also bought many of their suppliers who gave their time, their resources on a pro bono basis.

And the physical environment now that a young person arrives at is amazing.

It equated to hundreds of thousands of pounds worth of saving for St Basil's who run the centre. So that money has all gone into providing services to those young people.

In the first half of this year, we've supported about 6,500 young people in total through the work that we do through the Youth Centre, but also through the schools, both primary and secondary in the city of Coventry.

We work with schools in some of the most deprived wards.

So, in primary schools, we focus on literacy and numeracy. In secondary schools, it's all around how we equip young people with the skills they will need for employment.
But what we also do is provide funding that goes outside of those formal objectives because we recognise for families living in hardship, quite often the horizons for a young person are very narrow. So, they don't necessarily see very much outside of home and outside of school. So how do you start to build a set of aspirations and ambitions with things that you never see? So, we have funding for all of those schools that goes into social capital is the way we describe it. And the

schools determine how they're going to allocate it. But we've seen it used for really simple things like a trip to the library or making sure that every young person in primary school owns a book. We've also seen it used for things like a trip to the theatre or going to the seaside for kids that have never seen the sea. And it is all around trying to open up those horizons to create ambition that might not otherwise be there. So, as I said, 6,500 young people through the first half of this year is something we're really proud of.

Sarb
Sounds great, Lucy. You also lead on ESG for the Society. And we've covered colleague and community perspectives. What about environmental aspect of ESG?

Lucy
I mean, as you would expect from a mutual building society, sustainability is very much at the heart of our decision making. You heard from Lee in terms of how we think about things in the long term. That was very much reinforced at the point we were given B Corp and we attained that accolade. When I think about environments, we are carbon neutral for Scope 1 and 2 at the moment. And that's something that we've sustained. We've delivered a 34% reduction in emissions from 2020 to 2023. We're continuing to look at the estate and challenge ourselves. And so, we've had half a dozen branches where we've removed gas in the first half of the year. The same will continue in the second half of the year. We're seeing the benefit now of all the solar energy that we've put into our estate.

We're doing some brilliant work with colleagues as well. It's really important that we're getting colleagues engaged in this agenda with what they can do both in the workplace, but also outside. We've got a really passionate group of environmental advocates and there's all sorts of activity going on around the campus from bee houses to wildflowers to sunflower planting to campaigns around reducing plastic to more electric vehicles. So, a huge range of activity that is involving our colleagues too.

We recognise the importance of looking outside the Society as well. So, we've got a programme of work going on with our suppliers so that we can think about sustainability and the goods and services that we procure. And also making sure that we are part of the puzzle when it comes to our financed emissions. So, we recognise very much that that's not something that we can deliver on our own, but actually alongside energy providers and consumers and suppliers and government. It is really important that we do also play a part. So, looking at the nature of the lending that we do as well.

Sarb
Thanks Lucy. It's great hearing about continued commitment by the Society to its colleagues, community and environment.

Lots of exciting things to look forward to in the remainder of 2024 and beyond.

Now Steve, over to you to provide final thoughts for half year 2024 and beyond.

Steve
Sarb, look I'm extremely proud of what my colleagues in the organisation have delivered in the first half of the year. You think of 6,500 young people supported in the city of Coventry and a colleague engagement on Trust Index of +81, delivering for communities, delivering for colleagues.

Our growth controlled, balanced, sustainable, but still ahead of market, I think a strong profitability in the first half of the year, I fully accept down on the previous year. But six months where we've added 20 basis points to leverage and we've talked about the importance of that from a resilience perspective. But also, in terms of strategic optionality. And we continue to digitise our business, we continue to make our business more resilient and fit for the future. So, look, extremely proud, excited by what lies ahead for the organisation, and being even more impactful in terms of what we can do within UK Financial Services and in our communities. So, look, I'm extremely grateful for everything my colleagues have delivered in the first half. It’s only the first half. we've got to sustain that into the second half of the year. And yeah, looking forward to coming back and talking to our investor community at the year end in terms of that sustained performance.

Sarb
Great. Thank you all. Thank you for listening. I hope to see some of you soon.