

**2024 was a strong year with financial performance in line with expectations and significant progress made in simplifying the Bank's IT infrastructure, whilst continuing to deliver for customers. This was alongside taking the Bank back into mutual ownership with the completion of the acquisition by Coventry Building Society.**

**Commenting on these results, Steve Hughes, interim Chief Executive of the Co-operative Bank, said:**

"I am delighted to welcome The Co-operative Bank to Coventry Building Society, bringing the original ethical bank once again into the ownership of a mutual organisation. In these first weeks as interim Chief Executive Officer, I have been hugely impressed by the dedication of my new colleagues in serving our customers at a time of significant change.

For many reasons, 2024 was an important year. The Bank has made significant progress in simplifying its IT infrastructure, delivering the commitment to exit legacy platforms and datacentres and bring £19 billion of mortgage balances and £5 billion of savings balances onto a single system.

It is very encouraging to see that the Bank's improved financial strength has been recognised externally resulting in a number of credit rating upgrades, and driving a return to investment grade once again. The Bank is operationally and financially resilient, with a strong capital and liquidity profile and partnerships in place that align to its co-operative values and ethics. It has shown continued progress in a period of considerable business change, and I would like to thank Nick Slape and his team for their leadership of the business during this period of turnaround."

### Financial performance in line with expectations

- **Underlying profit before tax of £116.2m (FY 23 £120.9m).** Reduction due to lower net interest income as a result of lower mortgage margins and increased savings rates, which has been partially offset by the Bank's structural hedge. Despite ongoing impacts of previous high levels of inflation and an increase in customer fraud remediation costs, the Bank's underlying costs reduced 1% to £390.7m (FY 23: £393.7m).
- **Significant surplus to all prudential measures.** CET1 ratio of 18.7% provides 4.4% headroom to minimum CET1 requirements, including CRD IV buffers (14.3%). The Bank maintains a healthy LCR ratio of 192.4%, supported by a benchmark £500m three-year covered bond issuance.

### Growing customer franchise

- **Mortgage applications increased by over 50% to £3.44bn (FY 23: £2.26bn).** The simplification of the Bank's IT infrastructure through multiple years of work has enabled the Bank to react faster and capitalise on improving margins in early 2024, whilst also enabling the Bank to offer larger mortgage loans; as a result average loan size has increased to £207k (FY 23: £159k), supporting Bank income. SME remains a key part of the Bank's strategy and through targeted growth, underlying SME net lending has increased 44% to £312m (FY 23: £216m).
- **Positive net current account switching for the first time in over 10 years.** The Bank launched several switching campaigns in 2024, most notably the 'switch & save' and 'switch & stay' campaigns, which centre on attracting and retaining customers whose values align with ours.

### Delivering our strategy

- **Significant progress simplifying the Bank's IT infrastructure.** Exited legacy platforms and datacentres and bringing £19 billion of mortgage balances and £5 billion of savings balances onto a single system. This allows improved scalability and speed to market whilst facilitating cost efficiencies.
- **Investment credit rating achieved (Moody's: A3, Fitch: BBB+).** A reflection of the Bank's sustainable profitability, underpinned by a strong liquidity and capital base.

### Delivering for our customers

- **Customer service continues to improve.** The Bank's Trust Pilot score was maintained at 4.1 (Great) and is the first ever organisation to be awarded the Gold Compassionate Customer Care Award by Hospice UK. In SME, we significantly improved the customer journey, resulting in higher application conversion rates and new current account and savings customers.
- **Co-operative values at the forefront under the three pillars of our customer-led Ethical Policy – Planet, People and Community.** Net Zero Transition Plan developed in 2024 with clear commitments and milestones established to keep the Bank accountable on its progress to achieve Net Zero; raising £129,169 with colleagues and customers to end youth homelessness with Centrepoint; continuing to provide free banking services to Community Directplus customers.

## **BASIS OF PRESENTATION**

The Co-operative Bank Holdings p.l.c. is the immediate parent company of The Co-operative Bank Finance p.l.c. and the ultimate parent company of The Co-operative Bank p.l.c. In the following pages the term 'Group' refers to The Co-operative Bank Holdings p.l.c. and its subsidiaries. The term 'Finance Group' refers to The Co-operative Bank Finance p.l.c. and its subsidiaries. The term 'Bank' refers to The Co-operative Bank p.l.c. and its subsidiaries which are consolidated within the Finance Group and then ultimately the Group.

**Underlying basis:** The statutory results are adjusted to remove certain items that do not promote an understanding of historical or future trends of earnings or cash flows, which therefore allows a more meaningful comparison of the Group's underlying performance.

**Alternative performance measures:** The Group uses a number of alternative performance measures, including underlying profit or loss, in the discussion of its business performance and financial position.

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The person responsible for arranging the release of this announcement on behalf of The Co-operative Bank Holdings p.l.c. and The Co-operative Bank p.l.c. is Catherine Green, Company Secretary.

### **About The Co-operative Bank**

The Co-operative Bank p.l.c. provides a range of banking products and services to about 2.4m retail customers and c.96k small and medium sized enterprises (SME). The Bank is committed to values and ethics in line with the principles of the co-operative movement. The Co-operative Bank p.l.c. is the only UK bank with a customer-led Ethical Policy, which gives customers a say in how their money is used. Launched in 1992, the policy has been updated on six occasions, with new commitments added in June 2022 to cover what we do for our planet, people and the community.

The Co-operative Bank p.l.c. is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority. The Co-operative Bank p.l.c. eligible customers are protected by the Financial Services Compensation Scheme (FSCS) in the UK, in accordance with its terms.

**Note:** This announcement contains inside information.

The Co-operative Bank p.l.c. LEI: 213800TLZ6PCLYPSR448

The Co-operative Bank Finance p.l.c. LEI: 213800KNE8ER4N9BLF11

The Co-operative Bank Holdings p.l.c. LEI: 213800MY2BSP459O8A22

## FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements with respect to the business, strategy and plans of the Group and its current targets, goals and expectations relating to its future financial condition and performance, developments and/or prospects. Forward-looking statements sometimes can be identified by the use of words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve', 'predict', 'should' or in each case, by their negative or other variations or comparable terminology, or by discussion of strategy, plans, objectives, goals, future events or intentions.

Examples of such forward-looking statements include, without limitation, statements regarding the future financial position of the Group and its commitment to its plan and other statements that are not historical facts, including statements about the Group or its Directors' and/or management's beliefs and expectations. Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements, which may or may not prove to be correct. There can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur, will be realised, or are complete or accurate. Past performance is not necessarily indicative of future results. Differences between past performance and actual results may be material and adverse.

For these reasons, recipients should not place reliance on, and are cautioned about relying on, forward-looking statements as actual achievements, financial condition, results or performance measures could differ materially from those contained in the forward-looking statement. By their nature, forward-looking statements involve known and unknown risks, uncertainties and contingencies because they are based on current plans, estimates, targets, projections, views and assumptions and are subject to inherent risks, uncertainties and other factors both external and internal relating to the Group's plan, strategy or operations, many of which are beyond the control of the Group, which may result in it not being able to achieve the current targets, predictions, expectations and other anticipated outcomes expressed or implied by these forward-looking statements. In addition, certain of these disclosures are dependent on choices relying on key model characteristics and assumptions and are subject to various limitations, including assumptions and estimates made by management. No representations or warranties, expressed or implied, are given by or on behalf of the Group as to the achievement or reasonableness of any projections, estimates, forecasts, targets, prospects or returns contained herein. Accordingly, undue reliance should not be placed on forward-looking statements.

Any forward-looking statements made in this document speak only as of the date of this document and it should not be assumed that these statements have been or will be revised or updated in the light of new information or future events and circumstances arising after today. The Group expressly disclaims any obligation or undertaking to provide or release publicly any updates or revisions to any forward-looking statements contained in this document as a result of new information or to reflect any change in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, except as required under applicable law or regulation.

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