All together, better

Interim Financial Report

for the six month period ended 30 June 2025

Contents

This interim report is the first period of the combined reporting for the enlarged Group following the acquisition of The Co-operative Bank Holdings p.l.c. by Coventry Building Society on 1 January 2025.

The half year ending 30 June 2025 includes the financial impacts of this acquisition along with resulting acquisition and integration-related costs.

Comparative period references in this interim report do not include the Bank.

Underlying profit to statutory profit is reconciled on page 9. There is no difference between statutory reported profit and underlying profit in the prior periods.

The following terms are used in this report:

The Group	Coventry Building Society and all of its subsidiaries, including the Bank from 1 January 2025.
Coventry Building Society the Society	Coventry Building Society, parent entity of the Group.
The Society sub-group	Coventry Building Society and its subsidiaries, excluding the Bank sub-group.
The Co-operative Bank Holdings p.l.c. the Bank the Bank sub-group	The entity acquired on 1 January 2025 by Coventry Building Society, including all of its subsidiaries.
The Co-operative Bank	The trading entity with a banking license within the Bank sub-group.
Underlying profit	Underlying profit excludes all of the accounting impacts of acquiring the Bank, including day one acquisition, accounting and related unwinds, reset of accounting policies on the acquired assets and liabilities and related acquisition and integration costs.

Group performance highlights

Underlying profit before tax[1]	£200m (H1 2024: £159m)
Statutory profit before tax	£722m (H1 2024: £159m)
UK leverage ratio	4.5% (FY 2024: 5.7%)

Strong Group financial performance, whilst effectively managing our underlying cost base

- Statutory profit before tax increased to £722 million (H1 2024: £159 million), including a gain of £584 million on the acquisition of The Co-operative Bank Holdings p.l.c. ('the Bank'). The day one gain reflects the agreed purchase consideration being over 40% below the fair value of the net assets acquired.
- Underlying profit before tax increased to £200 million (H1 2024: £159 million).
- Total underlying income of £554 million (H1 2024: £316 million) and net interest margin of 1.24% (H1 2024: 1.05%).
- Group underlying costs of £345 million (H1 2024: £171 million), including £186m of Bank costs. The Society sub group costs remained flat at £158 million (excluding deal related costs in H1 2024), demonstrating our focus on efficiency.
- Leverage ratio of 4.5% (FY 2024: 5.7%) and CET 1 ratio of 19.1% (FY 2024: 28.0%), well above regulatory levels[2].
- In the year to date, it is encouraging to see the Bank's performance is in line with expectations, providing confidence in the financial benefits of the acquisition. Good progress is being made in integrating the two organisations.

Mortgage market share[3]	4.3% (FY 2024: 3.1%)
Savings market share[3]	3.3% (FY 2024: 2.7%)
Current account market share[3]	1.7% (2024: not applicable)

Delivering for our members and our personal and business customers

- The acquisition of the Bank has increased our market share[3] of mortgages to 4.3% and savings to 3.3%, and creates an opportunity to build on the 1.7% market share acquired in the personal current accounts segment.
- Excluding the growth associated with the acquisition, Group lending balances remained stable in the period as we focus on capital in a low margin and highly competitive market and given our significant inorganic growth in the period.
- The Group launched a successful limited company buy to let proposition in April, broadening our reach to the residential rental sector with a strong pipeline of applications in the first three months of launch.
- Excluding the growth associated with the acquisition, Group retail savings balances increased by £2.0 billion to £62.8 billion. The Society has continued to offer member value with a £201 million premium[4] above the market average being paid to members, despite the lower bank rate environment.
- Over 40,000 personal current accounts were opened in the first half with positive net switching of almost 10,000.
- The Society continues its record of outstanding customer service with an NPS score[5] of +76 and an average call wait time[6] of just 83 seconds. The Bank has increased its focus on service and it is pleasing to see a material improvement across direct channels, including telephony. At four minutes, the average speed to answer calls is now three times faster than June 2024.

Supporting our colleagues and the communities we serve

- Colleague feedback and engagement remains a priority during integration. Our latest quarterly survey, which was conducted across the Society and the Bank, shows that 79% of colleagues believe this is a great place to work.
- The Society has been named as one of the UK's Best Workplaces™ for Development[7], recognising our commitment to making colleague development a key part of our culture.
- Following on from the £1 million donation to support homelessness in Manchester in December 2024, the Group continues to invest in our communities. Over £1 million ongoing donations have been made in the first half and we remain committed to an additional £1 million to support youth homelessness in Coventry.

1. Profit before tax for the period to 30 June 2025 excluding items that are one off in nature relating to the purchase and integration of the Bank. See page 9 for further details.
2. The UK leverage ratio framework is not yet binding for the Group and is expected to apply at the point retail deposits exceed £50 billion at the subsequent annual reporting date.
3. Source: Bank of England. Market data as at 31 May 2025 (31 December 2024).
4. 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 2024: five months).
5. A measure of customer advocacy that ranges between -100 and +100 which represents how likely a customer is to recommend our products and services.
6. Based on Society average call waiting times between 1 January 2025 and 30 June 2025.
7. by Great Place to Work.

Welcoming The Co-operative Bank to Coventry Building Society

On 1 January 2025, the Society acquired the entire issued share capital of The Co-operative Bank Holdings p.l.c. (the ultimate holding company of The Co-operative Bank p.l.c.).

Strategic rationale

The combination of the Society and the Bank brings together a purpose-led mutual and the original ethical bank. These common values bring true challenge to the UK financial services sector. It enables the deepening of the enlarged Group's existing presence in the mortgage and savings markets as well as extending the Society's proposition to the personal current account and business banking markets. The acquisition enables the Society to leverage its financial scale and a diversified funding base to continue to offer strong propositions and outstanding service.

Financial considerations

As presented on page 16 and below, the combined organisation has a balance sheet size of approximately £90 billion across a range of product offerings.

A gain on acquisition of £584 million arising from the acquired net asset fair value being well in excess of the consideration paid was recognised on completion. Further information on the day one accounting impacts of bringing the two organisations together are presented in note 18 to this interim report.

The updated pro-forma combined Group CET 1 ratio of 19.1% and leverage ratio of 4.4% at acquisition were comfortably above applicable regulatory minimums.

Integration consideration

Over the first six months we have made good progress beginning to bring the organisations together to drive one best way for our members, customers and colleagues. The shape of our plan for the next 18 months is now clear and aligned to our agreed outcomes with strong governance in place to oversee progress. At this stage, our focus is on bringing together the key support functions across the Group.

The Group

Lending The combined Group's lending portfolios remains focused on low risk residential secured retail portfolios across the UK.

- £50.5bn - Retail owner occupier
- £20.7bn - Retail BTL
- £1.0bn - SME & corporate
- £0.2bn - Retail unsecured

Funding 86% of the Group's overall funding comes from retail, SME and corporate customers as below. The remainder comes from a range of wholesale funding.

- £62.8bn - Retail deposits
- £4.9bn - Personal current accounts
- £2.5bn - Business current accounts
- £0.9bn - Business & corporate deposits

a combined heritage of almost 300 years

over 4 million members and customers

almost 6,000 employees

Chief Executive's review

It is clear as we reach the halfway point that 2025 will go down as one of the most significant years in the history of Coventry Building Society. On 1 January, we completed our acquisition of The Co-operative Bank. The potential power of combining two values-driven organisations to create a service-driven, mutually owned business that can offer even more for members, customers and businesses is significant.

Six months into the integration, we are making good progress. We are on track with our ambitious plan to bring both organisations together and deliver on the compelling strategic rationale of the transaction.

The Bank's financial performance is in line with the Group's expectations. We are seeing tangible improvements in customer service and the Group is planning to make investment in the branch network and digital capabilities of the Bank over the next 18 months.

Moving forward together

We are already seeing the power of the combination come to life. This interim report presents our first set of Group financial results following the acquisition. We have delivered a controlled overall performance in line with our plans with an underlying profit before tax of £200 million (H1 2024: £159 million). Our statutory profit of £722 million includes a significant day one gain on the acquisition of the Bank. The day one gain of £584 million reflects the agreed purchase consideration being over 40% below the fair value of the net assets acquired. As importantly, our commitment to members and customers is unwavering.

We have maintained outstanding service to Society members and are making tangible improvements to Bank service, clearly demonstrated in reduced call handling times from 13 minutes (30 June 2024) to four minutes. We will continue to invest in this area and build upon these foundations throughout the second half of the year and beyond.

I spent the first six months of this year as Chief Executive of the Bank as well as the Group. This has given me a unique opportunity to understand the combined business. I've seen and heard first hand, from both colleagues and customers, the passion and pride in the Society and the Bank. I share their excitement and belief that we can be a sustainable and positive force for good in the sector. We are making good progress on the development of a long-term Group strategy to support this. I look forward to updating you on it when we report our full year results.

The global geopolitical and macro-economic picture is one of heart-breaking conflict and trade wars are making it difficult for central banks to steer a course towards long-term growth and avoid high inflation. This uncertainty makes it all the more important to be able to adapt to market conditions. In a falling interest rate environment, income is under pressure and we must be mindful of cost and efficiency. However, it is also important that we balance this with continued investment for the future; be that to sustain and improve service or to develop new products and resilient, modern technology. We have ambitious transformation programmes which are delivering in all of these areas.

Delivering for borrowers

In light of the acquisition and the external market volatility, we have taken conscious decisions on growth with a clear focus on capital. Mortgage margins have been less attractive and it has not been in our members' interests to seek organic growth at a time when we have achieved significant scale through the acquisition.

We have also taken the opportunity to adapt and diversify our product offering to meet changing market conditions. The launch of our new limited company buy to let proposition has broadened our reach. The new products have been welcomed by our broker partners, supporting the growing demand from customers. We have seen positive uptake since the launch in April, with a strong pipeline of applications already in place. Subsequent to the acquisition of the Bank, mortgage balances remained broadly flat at £72.3 billion, on an application volume of £7.5 billion and a retention rate of 72%.

First time buyers will always be the life blood of the property market. It was pleasing to receive independent recognition of our support for first time buyers when we were awarded Best First-Time Buyer Mortgage Provider at this year's Moneyfacts awards. While we invest in our own future as a business, we remain committed to helping others invest in their future too.

Chief Executive's review continued

Delivering value for savers

The market for attracting and retaining retail deposit savings remains strong and we look to continue growth this year as we replace the TFSME, a Bank of England funding facility.

We continue to balance our funding requirements to support our lending activities as well as paying savers a competitive rate over the longer term. Speculation around the future of tax free cash ISAs brought increased activity across the sector in March and April. We welcome the decision to pause changes to cash ISAs and will continue to provide our feedback, directly to government and via the Building Societies Association and UK Finance, to this debate. ISAs continued to be a significant part of our savings activity in the latter half of the period with a significant amount of ISA maturities in May and June. The Bank has been proud to have a market leading regular savings product to help encourage a long-term savings habit and value to members continues to be a key focus in the Society.

We are also keeping up focus on online and mobile capability. The popularity of the Society's mobile app continues to grow – it has now been downloaded by over a million members. At the same time, we continue to expand functionality for users across the platform.

By providing low-cost term funding, TFSME has helped ensure a steady flow of credit, particularly during and after the pandemic and subsequent economic shocks.

Subsequent to the acquisition of the Bank, the Group increased retail savings balances by £2.0 billion to £62.8 billion. The Society has continued to offer member value with a £201 million premium[1] above the market average being paid to members, despite the lower bank rate environment.

Everyday banking for individuals and businesses

The acquisition of the Bank means we are able to meet a wider range of banking needs for individuals and businesses.

This year over 40,000 more current accounts have been opened with the Bank. The current account proposition is a strategic priority for the Group and one we will be investing in, and we are delighted that our switch incentives in the first half have been so popular. While we will continue to build our current account numbers in the second half of the year, we know how important it is to retain existing customers too. The material improvement in customer service in 2025 is an important part of this, as is our continued investment in digital services.

Business banking is a fundamental part of our future vision for the combined Group. Through current accounts, retail deposits and lending, we welcome the opportunity to work with organisations that share our ambition and values. In 2025 we have helped customers open more than 7,000 new business current accounts. In the second half of the year, we will invest in the technology that supports new business customers to join us as well as increasing our knowledgeable team of relationship managers to support focused and purposeful lending.

Enhancing service, resilience and security

Across the Group, we have continued to invest in services that make it easier for members and customers to do business with us. Whether that be account opening through our mobile app, digital services for maturing savings accounts, speeding up mortgage approvals or improvements to our registration and telephony authentication processes. We are committed to continued investment in our branch network with £5 million approved for refurbishment of the Bank's branches. Digital first, human always remains a priority.

Our goal is to deliver outstanding service. We are delighted that halfway through 2025, at +76 (31 December 2024: +79) we are maintaining our excellent Net Promoter Score[2] at the Society and we have started to measure NPS at the Bank to track progress. The results are promising, with a Bank NPS[2] score of +53 and six months of materially improved service. We are pleased with this progress to date.

Supporting colleagues and the communities we serve

Colleagues across the Group have showed exceptional passion and drive in 2025 to embrace the changes we are making and to protect the things that make both organisations special. Whether customer-facing, in a support role, working on the integration or delivering our vital day-to-day business, every colleague plays a part in our success.

We have prioritised listening to colleagues and engaging them with our transformation journey. We regularly survey them to understand their experience, and to ask what we are doing well and how we could improve. Their engagement at internal events has been high and I am delighted that colleague sentiment has stayed positive throughout the year to date. This is supported by our level of investment internally. A key focus has been to improve and expand technology for colleagues, which is going well. Our improvements are creating consistency and enabling Group-wide collaboration to support them in their roles.

I am exceptionally proud of the difference that we make through our work with charity partners. We believe that everyone should have a place to call home and young people experiencing homelessness is particularly poignant. Centrepoint have an ambition to end youth homelessness and we are delighted to partner with them to support this, be that through our funding of a Prevention Programme, the Coventry Youth Hub, Manchester Rough Sleepers or through the £1 million ongoing donations in the first half and the further £1 million commitment to fund the provision of truly affordable housing for young people in Coventry. This follows the same contribution made for Manchester in late 2024.

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 2024: five months)..
2. Net Promoter Score (NPS) is a measure of customer advocacy that ranges between -100 and +100 which represents how likely a customer is to recommend our products and services. The Bank NPS covers the period March to June 2025, since its introduction as a measure.

Chief Executive's review continued

As a mutual organisation, we were founded by people in our local communities, and we remain rooted in the places our members, customers and colleagues live and work today. It is a fundamental part of who we are as an organisation. And we will continue to support local communities and national causes to create opportunities and better outcomes for the most disadvantaged in society.

Looking forward

We have delivered to our commitments in the first half of 2025 and we look forward to the second half of the year with optimism and ambition. With the Board and Executive teams in place across both the Group and Bank, and integration work progressing well, we are in a strong position to continue the pace and progress as we move forward.

Whilst continued lower inflation is welcome news to both households and businesses following a period of peaks in recent times, the UK economy continues to face headwinds from within and globally. This makes the timing or extent of expected interest rate cuts uncertain. A falling interest rate environment places continued pressure on our income, meaning our focus on robust cost management and successful progression of integration activities remains key to our success.

We are an ambitious organisation, with the aim of building a significant mutual financial services business that provides a purpose-led alternative within the UK market. We will continue to do the right thing for our customers and members. We will use our shared foundation to deliver an exciting and ambitious future.

I would like to finish by thanking my colleagues, whose hard work makes it all possible, our broker partners, and our members and customers for their loyalty and trust as we progress this phase of our long and successful history.

Stephen Hughes

Chief Executive

29 July 2025

Chief Financial Officer's review

The Society welcomed The Co-operative Bank into the Group on 1 January 2025 and the combination of both organisations has enabled the Group to deliver a statutory profit before tax of £722 million.

The economic backdrop remains uncertain with the unpredictable situation in the Middle East, US tariffs and little fiscal headroom in the UK. We have seen recent falls in the Bank of England Base Rate, and there are further expectations of reduction in the second half of the year.

Despite this uncertainty, we have continued to deliver long-term sustainable value and exceptional service for our members and are making demonstrable improvements in the levels of service given to our Bank customers. The acquisition has strengthened our balance sheet by diversifying our funding and brings the scale benefits required to support the needs of our customers today and into the future.

Summary

- The underlying Group profit before tax increased to £200 million (30 June 2024: £159 million). The Society profit is £8 million lower partly due to base rate reductions and the income impact of increased competition on mortgages and savings. This was offset by the inclusion of the Bank's underlying profits of £51 million.
- Statutory profit before tax increased to £722 million (30 June 2024: £159 million). The increase is predominately due to the day one gain of £584 million which reflects the agreed purchase consideration being over 40% below the fair value of the net assets acquired. The Bank's profit for the first six months of the year are also included. This has been offset by a day one and one-off accounting charge to impairment provision in relation to the acquired lending portfolio, as well as integration and residual deal related costs.
- During the first six months of the year, it is good to see the performance of the Bank is in line with the Group's expectations. Following the first two years post acquisition, we expect the benefits of integration to be evident in the performance of the Group.
- The underlying cost to income ratio has increased to 62% (30 June 2024: 54%), reflecting the impact of the Bank acquisition and the cost of providing transactional current accounts. Excluding the impact of the acquisition, the Society cost to income ratio would be 51%, demonstrating effective management of our operating cost base.
- The first half of the year has seen tough trading conditions, with the larger banks refocusing on mortgage and fixed rate savings markets. As a result of lower margins, together with the acquisition, the Group has taken a more measured approach in managing organic growth.
- Successful launch of our new limited company buy to let proposition in April has broadened our reach to the residential rental sector with a strong pipeline of applications in the first three months.
- The asset quality of the Group continues to perform very well, with stable arrears and losses remain very low and at the better end of industry benchmarks.
- Following the acquisition of the Bank, our updated pro-forma Group leverage and CET 1 ratios were 4.4% and 19.1% respectively. As a result of increased profits in the period, leverage increased to 4.5% and CET 1 remained stable at 19.1% following an increase in risk weighted assets (RWAs).

Lee Raybould
Chief Financial Officer

29 July 2025

Chief Financial Officer's review continued

Financial Review

Income Statement

(Unaudited)	Period to 30 Jun 2025			Period to 30 Jun 2024
	Group underlying performance[1]	Items related to acquisition & integration[2]	Group statutory performance	Group statutory performance
	£m	£m	£m	£m
Interest receivable[3]	**2,033**	**21**	**2,054**	1,656
Interest payable[4]	**(1,484)**	**10**	**(1,474)**	(1,326)
Net interest income	**549**	**31**	**580**	330
Other income and charges	**10**	**–**	**10**	(3)
Losses on derivative financial instruments[5]	**(5)**	**(47)**	**(52)**	(11)
Total income	**554**	**(16)**	**538**	316
Administrative expenses[6]	**(313)**	**(23)**	**(336)**	(158)
Amortisation and depreciation[7]	**(32)**	**(14)**	**(46)**	(13)
Impairment (charge)/ release[8]	**(9)**	**(9)**	**(18)**	14
Gain on acquisition of a subsidiary[9]	**–**	**584**	**584**	–
Profit before tax	**200**	**522**	**722**	159

1. Group underlying performance includes all underlying performance of The Co-operative Bank from 1 January 2025.
2. The following footnotes detail the acquisition & integration related items and their exclusion from underlying performance.
3. Relates to the unwind of the day one fair value adjustment recognised against the acquired loans & advances to customers.
4. Relates to the unwind of the day one fair value adjustment recognised against certain external wholesale funding issuances acquired with the Bank.
5. Represents the impact of acquiring derivative instruments but not acquiring the linked hedge accounting relationships and therefore the resulting restart of hedge relationships on the acquired derivatives.
6. Represents one off costs relating to the bringing together of people, systems and processes.
7. Represents the amortisation against the Core Deposit Intangible asset, which arose on acquisition.
8. Represents the recognition of the reset Expected Credit Loss allowance against Bank acquired loans & advances to customers.
9. Represents the resulting gain calculated as the fair value of the consideration paid less the net assets acquired.

Underlying Group net interest income increased to £549 million (30 June 2024: £330 million). The increase is mainly due to the acquisition of the Bank, however, there is a £16 million reduction in Society net interest income partly due to the impact of base rate reductions and lower mortgage and savings margins as a result of more competitive markets.

The underlying Group net interest margin of 1.24% (30 June 2024: 1.05%) has increased as a result of the acquisition of the Bank. Society net interest margin reduced to 0.98% in line with expectations given current trading conditions.

Throughout the period, the Society continued to pay above average savings rates, returning £201 million (30 June 2024: £195 million) in member value[1] compared to market average rates.

Losses on derivative financial instruments

The Group uses derivative financial instruments to manage interest rate and currency risks arising from its fixed mortgage and savings activity and from non-sterling and fixed rate wholesale issuances.

The Group applies hedge accounting where possible and its approach continued to be effective throughout the period. The underlying loss in the first half of the year of £5 million (30 June 2024: £11 million loss) reflects the unwinding of previous gains, as expected due to the nature of hedge accounting.

On acquisition, the Bank's hedge accounting programme ceases as the acquired balance sheet is measured at fair value. The Group has elected to recommence a hedge accounting programme post acquisition in order to manage the volatility of the acquired portfolio of derivative assets, which allows for a more controlled run-off. This has resulted in a charge in the period of £47 million.

Underlying Group management expenses including depreciation and amortisation for the period were £345 million (30 June 2024: £158 million, excluding £14 million of deal related costs). This includes £186 million of costs relating to the Bank. The Society sub-group's underlying costs remained flat at £158 million.

The group statutory management expenses include £23 million of acquisition and integration related expenses as we begin the journey of integrating the businesses.

Our strong financial performance has allowed the Group to continue with its significant business as usual investment programme alongside our integration activities. The total spend on investment and integration, including capital expenditure, of £64 million (30 June 2024: £43 million) has been focused on activity to modernise our services, with good progress on our digital roadmap, mortgage sales platform enhancements, and integration of the Bank. This includes improvements to Group operational resilience and continued finance transformation.

The underlying cost to income ratio[2] has increased to 62% (30 June 2024: 54%), reflecting the impact of the Bank acquisition. Excluding the impact of the acquisition, the Society cost to income ratio would be 51%, demonstrating effective management of our operating cost base, whilst continuing to invest for the future.

Chief Financial Officer's review continued

Provision for expected credit losses (ECL)

The performance of the Group mortgage book remains resilient, with just 0.36% of loans more than three months in arrears. Lower interest rates and rising house prices has made for a more promising outlook in the first six months of the year, despite the continued geopolitical uncertainty.

It is pleasing to see a similar position in the Bank's lending propositions, and the high level of credit quality across the Group is evident from the low and stable arrears reported in the interim report.

The Group ECL provision has increased to £40 million (31 December 2024: £24 million). The increase includes £16 million recognised for the Bank's lending portfolio (acquired non-credit impaired assets only).

As a result of the acquisition, the Group is required under IFRS 9 to reset all of the Bank's non-credit impaired assets to stage 1. This has resulted in a £9 million one-off charge in the first half of 2025 and has been excluded from underlying performance measures given the acquisition related nature of this charge.

A further impairment charge of £7 million for new lending and changes in credit quality on the Bank's lending assets has been recognised by the Group in the period.

The Group has a deliberately cautious approach to estimating ECLs and we continue to hold £5 million of post model adjustments (PMA) to cover where core models do not fully reflect the risk of ECL given the market environment.

The overall Group ECL provision equates to 0.06% of the overall lending book (31 December 2024: 0.05%), which is reflective of very strong credit quality with very low arrears and losses. The marginal increase in this coverage ratio is due to the inclusion of the Bank's unsecured and SME and corporate assets.

Items relating to acquisition and integration

As a post balance sheet event to the Society 2024 Annual Report and Accounts, we announced a £603 million gain on acquisition of the Bank and pro-forma Group leverage and CET 1 ratios of 4.5% and 19.7% respectively.

The accounting standard for acquisitions provides a 12 month measurement period post completion to conclude the opening fair valued position as final, when more granular information is accessible to the acquiree. This has resulted in small adjustments to the previously disclosed gain of £603 million on acquisition to an updated gain of £584 million in these interim financial results. It is possible that the gain may see further small changes in the second half of the year.

The movement in the gain on acquisition together with the £9 million charge for ECL reset against the Bank's non-credit impaired assets and risk weighted asset methodology alignment to the Society has resulted in an updated opening Group leverage and CET 1 ratios of 4.4% and 19.1% respectively.

Chief Financial Officer's review continued

Balance Sheet

	30 Jun 2025 (Unaudited) £m	31 Dec 2024 (Audited) £m
Assets		
Loans and advances to customers	**72,332**	51,801
Liquidity	**13,563**	10,724
Other	**1,575**	1,506
Total assets	**87,470**	64,031
Liabilities		
Retail, SME and corporate deposits	**71,149**	49,425
Wholesale funding	**11,088**	10,475
Subordinated liabilities and subscribed capital	**294**	57
Other	**683**	446
Total liabilities	**83,214**	60,403
Equity		
General reserve	**3,425**	2,754
Other equity instruments	**665**	665
Other	**166**	209
Total equity	**4,256**	3,628
Total liabilities and equity	**87,470**	64,031

Loans and advances to customers

The Group's lending remains focused on high quality, low loan to value owner-occupier and buy to let lending within the prime residential market, distributed mainly through mortgage intermediaries in a cost-effective way. This has been complemented by the addition of the Bank, which has increased both our scale and the breadth of our already regionally diverse mortgage portfolio.

The Group manages its growth according to economic conditions, market pricing and funding conditions. The mortgage book has grown £20.5 billion to £72.3 billion (31 December 2024: £51.8 billion) in the first six months of the year. The growth was through the acquisition of the Bank (£20.4 billion), with organic growth flat over the period.

During the period, the Group advanced £4.0 billion of mortgages (30 June 2024: £3.5 billion) which was offset by redemptions and other repayments. Growth in the sector in the first half of 2025 has seen more lending in the higher loan to value segments and the Group has taken a measured approach to participation given new business margins and the acquisition.

The balance weighted average indexed loan to value of the mortgage portfolio has seen a small increase to 54.1%[3] at 30 June 2025 (31 December 2024: 53.5%).

Despite the current economic conditions, the Group continues to have a robust and high quality asset book. This is demonstrated by very low arrears with only 0.36% of mortgages more than three months in arrears (31 December 2024: 0.33%).

The Group acquired £0.2 billion in unsecured credit card asset with flat growth during the first half of the year. Credit quality remains stable with low arrears rates.

In addition, a further £1.0 billion of SME and corporate loans were acquired with flat growth over the first six months of the year. 55% of this portfolio represents PFI and housing association loans. Despite a provision charge being booked in the first half for a specific single customer exposure which is currently up to date, credit quality remains strong with a low level of arrears.

Liquidity

The Group liquidity position remains very strong, with on-balance sheet liquid assets increasing to £13.6 billion (31 December 2024: £10.7 billion) and the Liquidity Coverage Ratio (LCR) at 30 June 2025 was 253% (31 December 2024: 207%), significantly in excess of the regulatory minimum.

Retail, SME and corporate deposits

The Group continues to be predominantly funded by retail savings, with balances of £62.8 billion at 30 June 2025 (31 December 2024: £49.3 billion), this includes £11.5 billion for the Bank. The Group has seen organic growth of 3% in the first six months of the year, which is reflective of our focus on offering competitive savings propositions for our Society members and Bank customers.

In addition, the Group acquired £4.9 billion of personal current account balances from the Bank, and we see modest but a positive trajectory on the volume of customers switching to the Bank, with almost 10,000 net switches so far in 2025. The balances have remained stable in the first six months of the year, in line with the market.

The Group also acquired £3.4 billion of SME and corporate savings and current account balances, and we have seen a £0.1 billion increase in the first six months of the year.

Wholesale funding

The Group uses wholesale funding to provide diversification of funding by source and term, supporting growth and lowering risk by reducing the overall cost of funding. This benefits retail deposit customers through better savings rates and lending customers by enabling us to offer more competitive long-term rates. Wholesale funding in the period has remained stable at £11.1 billion (31 December 2024: £10.6 billion) and includes £2.4 billion of Bank wholesale funding.

The Society and Bank both previously accessed the Bank of England’s Term Funding Schemes. Group repayments of £2.5 billion have been made in the period and the outstanding drawings at 30 June 2025 are £2.0 billion (31 December 2024: £2.0 billion).

Equity

The Group's equity is predominately made up of 140 years of retained profits and Additional Tier 1 (AT 1) capital of £0.7 billion.

The Group made post tax profits of £700 million in the six months to 30 June 2025 and total equity increased by £0.7 billion, inclusive of a £29 million distribution to AT 1 capital holders and a £44 million adverse movement in the cash flow reserve.

Chief Financial Officer's review continued

Capital Ratios

(Unaudited)	End-point 30 Jun 2025 £m	End-point 31 Dec 2024 £m
Capital resources:		
Common Equity Tier 1 (CET 1) capital	**2,840**	2,616
Total Tier 1 capital	**3,505**	3,281
Total capital	**3,545**	3,321
Risk weighted assets	**14,879**	9,340
CRD V ratios:	%	%
Common Equity Tier 1 (CET 1) ratio	**19.1**	28.0
UK leverage ratio[4]	**4.5**	5.7

The table above provides a summary of the Group's capital resources and CRD V ratios on an end-point basis (i.e. assuming all CRD V requirements were in force in full with no transitional provisions permitted).

Leverage

We are not currently bound by regulatory leverage ratios, which measure Tier 1 capital against total exposures, including off-balance sheet items. The UK leverage ratio framework is expected to apply to the Group at the point retail deposits exceed £50 billion at the subsequent annual reporting date.

The Group UK leverage ratio reduced to 4.4% on the acquisition of the Bank (31 December 2024: 5.7%) and has subsequently increased to 4.5% due to the increase in retained profits and remains above the current regulatory expectations of 3.25% minima.

Capital

The capital ratios include additional risk weighted assets (RWAs) held for regulatory changes that are currently not reflected in the IRB models, as previously disclosed within the 2024 Annual Report & Accounts. The Society and Bank have both submitted updated models to the PRA and we are awaiting approval for changes to their calculation of RWAs. When approval is granted, the final model output may vary from those calculated, impacting the capital ratios, effectively bringing forward some of the effect of increasing RWAs envisaged in Basel 3.1.

On acquisition of the Bank, the updated pro-forma Group CET 1 ratio was 19.1% and a leverage ratio of 4.4%. The increase in capital as a result of retained profits in the period since then has been offset by an increase in RWAs of 3.9%, resulting in a stable CET 1 ratio of 19.1% at 30 June 2025. Our CET 1 ratio remains significantly ahead of the Total Capital Requirement for the Group which was 11.5% of RWAs as at 30 June 2025. The leverage ratio increased to 4.5%.

Basel 3.1 RWA floors are currently expected to be phased in from the introduction of the new regulations in 2027 and in time will reduce the Group's reported CET 1 ratio further, as they do not give full credit for the Group's very low risk mortgage book. Applying the Basel 3.1 RWA floors to the 30 June 2025 figures on a full transition pro-forma basis would result in a CET 1 ratio of approximately 17.5%. However, on expected Basel 3.1 implementation in January 2027, the Group estimates a 0.9% increase to its pro-forma 30 June 2025 CET 1 ratio due to the removal of the IRB scalar of 1.06%.

The projected changes in reported CET 1 measures has been included within the Group's financial plans, ensuring we remain safe and secure.

The capital disclosures above are on a Group basis, including all subsidiary entities.

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 2024: five months).
2. Administrative expenses, depreciation and amortisation/ Total income.
3. LTV is calculated using the Nationwide Building Society quarterly regional house price index (HPI).
4. The UK leverage ratio includes a restriction on the amount of Additional Tier 1 (AT 1) capital and excludes central bank reserves from the calculation of leverage exposures.

Top and emerging risks

In common with other financial institutions, the nature of the Group's business model results in a number of unavoidable or inherent risks, namely principal risks. These risks are closely monitored by the Board through the Risk Management Framework and outlined on page 32 of the Risk Management Report of the 2024 Annual Report & Accounts. In light of the significant integration-related activity, change risk was elevated to a principal risk in January 2025, otherwise the principal risks remain unchanged at June 2025.

The top and emerging risks outlined below provide information on the current risks, which could impact the Group and how we mitigate them. The Disclosure and Transparency Rules require that a description of these top and emerging risks are given in the Interim Financial Report for the remaining six months of the financial year. Compared to the emerging risks identified at the last financial year end, as set out on page 23 of the 2024 Annual Report & Accounts, the risks have been updated to represent the risk exposure of the enlarged Group, including elevating cyber and adding fraud and financial crime risk. Other emerging risks remain broadly consistent, with an update of the latest position provided below.

Risk	Mitigation
Economic and geopolitical environment	
The economic and geopolitical environment remains uncertain with evolving global conflicts, heightened political tensions, an increasing trend towards protectionism and growing national debt levels. Downstream impacts from these developments increase uncertainty over the future UK economic conditions and interest rate path that might impact the Group's performance.	The Group regularly conducts stress testing against different economic scenarios to confirm that we can withstand severe but plausible stresses. The monthly Group Assets & Liabilities Committee (ALCO) is responsible for monitoring interest rate developments and managing the balance sheet accordingly. The Group's lower risk lending approach is evidenced by arrears that remain well below industry levels and the Board's risk appetite measures portfolio performance to identify signs of deterioration.
Disruption to key markets	
A higher interest rate environment places downward pressure on mortgage activity and growth. The higher cost of living, the end of Term Funding Schemes, potential cash ISA reforms, quantitative tightening or disruption to wholesale funding markets could lead to higher funding costs. Changes to government policy and regulation could have an impact on the size and functioning of key markets the Group operates in, such as buy to let mortgages.	The Group undertakes detailed strategic planning to ensure the needs of banking, savings and borrowing members and customers are balanced with maintaining the strength and resilience of the Group and continuing to support the growth of the UK economy and functioning of our key markets. In extreme conditions, the Group can moderate its rate of growth or deleverage to reduce its funding and capital requirements.
Changing customer behaviour and expectations	
Customer expectations and increased use of digital channels are changing the way the Group's products are designed and delivered. This may be further impacted by demographic changes to the UK population. There is a risk that the Group's propositions do not keep up with the pace of change or attract new members, or that the level of investment to keep pace challenges the Group's operating model.	The Group continues to focus on developing products and services that keep up with these expectations and we have increased our investment in digital servicing and distribution. Our plans balance the requirement to deliver short-term improvements and long-term strategic capabilities. The Society improved its digital channels during 2024 and the wider organisation continues to prioritise this in 2025.
Technology and digital innovation	
As new technology (including Artificial Intelligence) develops and is adopted there is a risk that the level of investment does not keep pace with competitors, reducing the Group's relative attractiveness to customers. There is also a risk that technological change delivery itself could impact service levels, growth or other performance measures.	The Group continues to invest and focus on making sure the capabilities and resilience of technology keeps pace to meet the expectations of our regulators and other stakeholders, and to ensure the resilience of our platforms and the security of members' money and data. Over the plan horizon we expect to make progress on delivering core banking system replacement and include greater use of artificial intelligence, cloud and digital identification to keep pace with technology change in the market and help us reduce risk in some areas e.g. financial crime. The adoption of a scaled agile change model supports the resilience, flexibility and efficiency of delivering technology and other change.

Top and emerging risks continued

Risk	Mitigation
Cyber	
The threat to cyber security has evolved significantly in recent years in frequency, severity and sophistication impacting both the Group and its customers.	There is a continual programme of cyber risk testing and development to strengthen the Group's protection from threats. This ensures the Group can respond effectively to the evolving threat landscape and it supports the Group in the adoption of new risk mitigating technologies. The Group's continued investment in technology helps reduce the exposure to cyber risks, which can result from legacy IT systems.
Operational resilience	
A severe disruptive event or crisis could impact the ability of the Group to maintain the delivery of its important business services and other support services. Such events could lead to member and customer harm, loss of funds, impact the safety and soundness of the Group, reputational damage or regulatory penalties. Severe disruptive events could include technology failure impacting key IT services, widespread data loss or corruption, a cyber security event, or the failure of a critical third party.	The Group manages and governs a range of operational risk types in accordance with risk appetite. The Group has operational resilience capabilities in place (spanning crisis management, business continuity, technology, data, people, supply chain and property), which aim to ensure the Group's key services are resilient to disruptions and stress. From a people perspective, the Group evolves its proposition in line with external market changes and colleague feedback, with key person dependencies identified and mitigation options reviewed.
Regulatory requirements	
The Group is facing into a step up in regulatory requirements as a function of its size and systemic importance to the UK financial services sector. As a result of growth and the acquisition of The Co-operative Bank, the Group now undertakes a number of new regulated activities, increasing compliance activity and volume of regulatory change to implement.	The Group is alert to this risk and continues to manage it appropriately. The Group has no appetite for any breach and will at all times seek to achieve and maintain compliance with relevant legal and regulatory requirements. It is acknowledged that unintentional breaches may occur, which will be remediated as and when they arise.
Climate change	
The risks of climate change could create material disruption to the Group's business as a result of transition risk as the UK economy transitions to lower carbon activities. This includes the potential impact of new regulations in our core markets.	The Group continues to develop its understanding of climate risk and its impact on the business model. The continued focus on understanding and planning for the impact of climate change is recognised in the Society's Sustainability Report and the Climate section of the Annual Report & Accounts.
Strategic change	
The acquisition of the Bank brings potential risks to the Group, including a reduced capital surplus and the increased volume of change delivery. These were carefully considered during the due diligence process. Failure to manage these risks effectively could delay the strategic delivery, the Society's growth, and cause reputational damage with customers or regulators.	A robust governance framework has been implemented, with a dedicated integration management office to ensure strategic change is appropriately managed, and delivery risks are monitored and controlled. This includes deploying established programme risk and governance tools and utilising third party subject matter expertise as required. Change risk has been elevated to a principal risk category to support enhanced monitoring by the Board and the enterprise risk management framework has been developed to ensure risks are managed effectively across the Group.
Fraud and financial crime	
The Group has greater exposure to fraud and financial crime as a result of the acquisition of The Co-operative Bank. This is due to it offering current account services to customers and as across the financial services industry, this has a higher fraud and financial crime risk profile.	The Group remains close to industry developments and external fraud threats, to manage fraud losses within defined internal tolerances, balanced with customer outcomes. As stated above, the Group has no appetite for any breach in relevant legal and regulatory requirements.

Condensed Consolidated Income Statement

For the period ended 30 June 2025

(Unaudited)	Notes	Period to 30 Jun 2025 £m	Period to 30 Jun 2024 £m
Interest receivable and similar income calculated using the EIR method	4	**2,054**	1,656
Interest payable and similar charges	5	**(1,474)**	(1,326)
Net interest income		**580**	330
Fees and commissions receivable		**36**	2
Fees and commissions payable		**(30)**	(5)
Other operating income		**4**	–
Losses from derivative financial instruments	6	**(52)**	(11)
Total income		**538**	316
Administrative expenses	7	**(313)**	(158)
Acquisition & integration related costs	7	**(23)**	–
Amortisation of intangible assets		**(35)**	(7)
Depreciation of property, plant and equipment		**(11)**	(6)
Impairment (charge)/ release on loans and advances to customers	10	**(18)**	14
Gain on acquisition of a subsidiary		**584**	–
Profit before tax		**722**	159
Taxation	11	**(22)**	(36)
Profit for the financial period		**700**	123

Profit for the financial period arises from continuing operations and is attributable to the members of the Society.

Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 June 2025

(Unaudited)	Notes	Period to 30 Jun 2025 £m	Period to 30 Jun 2024 £m
Profit for the financial period		**700**	123
Other comprehensive (expense)/ income			
Items that will not be transferred to the income statement			
Remeasurement of defined benefit pension plan		**–**	(6)
Taxation	11	**–**	1
Items that may be transferred to the income statement			
Fair value through other comprehensive income investments:			
Fair value movements taken to reserves		**(21)**	(4)
Amount transferred to the income statement		**22**	4
Taxation	11	**–**	–
Cash flow hedges:			
Fair value movements taken to reserves		**77**	(10)
Amount transferred to the income statement		**(138)**	(21)
Taxation	11	**17**	9
Other comprehensive expense for the period, net of tax		**(43)**	(27)
Total comprehensive income for the period, net of tax		**657**	96

The notes on pages 19 to 41 form part of this Interim Financial Report.

Condensed Consolidated Balance Sheet

As at 30 June 2025

	Notes	30 Jun 2025 (Unaudited) £m	31 Dec 2024 (Audited) £m
Assets			
Cash in hand and balances with the Bank of England		**11,413**	9,893
Loans and advances to credit institutions		**358**	329
Debt securities	8	**1,792**	502
Loans and advances to customers	9	**72,332**	51,801
Hedge accounting adjustment		**79**	(448)
Derivative financial instruments		**801**	1,084
Investment in equity shares		**7**	9
Prepayments and accrued income		**106**	34
Deferred tax assets		**154**	–
Intangible assets		**303**	55
Property, plant and equipment		**95**	47
Other assets		**–**	725
Pension benefit surplus		**30**	–
Total assets		**87,470**	64,031
Liabilities			
Shares		**50,865**	49,343
Customer accounts		**20,284**	82
Deposits from banks	12	**3,461**	3,932
Debt securities in issue	13	**7,627**	6,543
Hedge accounting adjustment		**20**	(68)
Derivative financial instruments		**397**	305
Current tax liabilities		**7**	29
Deferred tax liabilities		**–**	86
Accruals and deferred income		**114**	61
Other liabilities		**135**	28
Pension benefit obligation		**10**	5
Subordinated liabilities	14	**252**	15
Subscribed capital	15	**42**	42
Total liabilities		**83,214**	60,403
Equity			
General reserve		**3,425**	2,754
Other equity instruments	16	**665**	665
Fair value through other comprehensive income reserve		**–**	(1)
Cash flow hedge reserve		**166**	210
Total equity		**4,256**	3,628
Total liabilities and equity		**87,470**	64,031

The notes on pages 19 to 41 form part of this Interim Financial Report.

Condensed Consolidated Statement of Changes in Members' Interests and Equity

For the period ended 30 June 2025

Period to 30 June 2025	Notes	General reserve £m	Other equity instruments £m	Fair value through other comprehensive income reserve £m	Cash flow hedge reserve £m	Total £m
As at 1 January 2025 (Audited)		**2,754**	**665**	**(1)**	**210**	**3,628**
Profit for the financial period		**700**	**–**	**–**	**–**	**700**
Net remeasurement of defined benefit plan		**–**	**–**	**–**	**–**	**–**
Net movement in fair value through other comprehensive income reserve		**–**	**–**	**1**	**–**	**1**
Net movement in cash flow hedge reserve		**–**	**–**	**–**	**(44)**	**(44)**
Total comprehensive income		**700**	**–**	**1**	**(44)**	**657**
Distribution to Additional Tier 1 capital holders	16	**(29)**	**–**	**–**	**–**	**(29)**
As at 30 June 2025 (Unaudited)		**3,425**	**665**	**–**	**166**	**4,256**

Period to 30 June 2024	Notes	General reserve £m	Other equity instruments £m	Fair value through other comprehensive income reserve £m	Cash flow hedge reserve £m	Total £m
As at 1 January 2024 (Audited)		2,573	415	1	250	3,239
Profit for the financial period		123	–	–	–	123
Additional Tier 1 Capital repurchased		(1)	(388)	–	–	(389)
Additional Tier 1 Capital issued		(7)	665			658
Net remeasurement of defined benefit plan		(5)	–	–	–	(5)
Net movement in fair value through other comprehensive income reserve		–	–	–	–	–
Net movement in cash flow hedge reserve		–	–	–	(22)	(22)
Total comprehensive income		110	277	–	(22)	365
Distribution to Additional Tier 1 capital holders	16	(21)	–	–	–	(21)
As at 30 June 2024 (Unaudited)		2,662	692	1	228	3,583

Year to 31 December 2024	Notes	General reserve £m	Other equity instruments £m	Fair value through other comprehensive income reserve £m	Cash flow hedge reserve £m	Total £m
As at 1 January 2024 (Audited)		2,573	415	1	250	3,239
Profit for the financial year		247	–	–	–	247
Additional Tier 1 Capital repurchased		(2)	(415)	–	–	(417)
Additional Tier 1 Capital issued		(7)	665			658
Net remeasurement of defined benefit plan		(6)	–	–	–	(6)
Net movement in fair value through other comprehensive income reserve		–	–	(2)	–	(2)
Net movement in cash flow hedge reserve		–	–	–	(40)	(40)
Total comprehensive income		232	250	(2)	(40)	440
Distribution to Additional Tier 1 capital holders	16	(51)	–	–	–	(51)
As at 31 December 2024 (Audited)		2,754	665	(1)	210	3,628

The notes on pages 19 to 41 form part of this Interim Financial Report.

Condensed Consolidated Statement of Cash Flows

For the period ended 30 June 2025

(Unaudited)	Notes	Period to 30 Jun 2025 £m	Period to 30 Jun 2024 £m
Cash flows from operating activities:			
Profit before tax		**722**	159
Adjustments for:			
Expected credit loss provisions and other provisions	10	**18**	(14)
Depreciation and amortisation		**46**	13
Interest on subordinated liabilities and subscribed capital		**5**	3
Changes to fair value adjustment of hedged risk		**66**	25
Gain on acquisition	18	**(584)**	–
Other non-cash movements		**247**	184
Non-cash items included in profit before tax		**(202)**	211
Loans and advances to credit institutions		**144**	500
Loans and advances to customers		**(121)**	(1,108)
Prepayments, accrued income and other assets		**697**	(5)
Changes in operating assets		**720**	(613)
Shares		**1,426**	1,023
Deposits and other borrowings		**(3,103)**	(819)
Accruals and deferred income and other liabilities		**27**	(6)
Changes in operating liabilities		**(1,650)**	198
Interest paid on subordinated liabilities and subscribed capital		**(9)**	(3)
Interest paid on lease liabilities		**(1)**	–
Taxation		**(43)**	(38)
Net cash flows from operating activities		**(463)**	(86)
Cash flows from investing activities			
Net cash on acquisition of a subsidiary	18	**1,841**	–
Purchase of investment securities		**(87)**	(690)
Sale and maturity of investment securities and equities		**459**	893
Purchase of property, plant and equipment and intangible assets		**(4)**	(12)
Net cash flows from investing activities		**2,209**	191
Cash flows from financing activities			
Distributions paid to Additional Tier 1 capital holders		**(29)**	(21)
Issuance of AT 1 Capital[1]		**–**	658
Repurchase of AT 1 Capital[1]		**–**	(390)
Repurchase and repayment of debt securities		**(791)**	(489)
Principal elements of lease payments		**(5)**	(2)
Issue of debt securities		**599**	498
Net cash flows from financing activities		**(226)**	254
Net increase in cash		**1,520**	359
Cash and cash equivalents at start of period		**9,893**	8,390
Cash and cash equivalents at end of period		**11,413**	8,749
Cash and cash equivalents:			
Cash and balances with central banks		**11,413**	8,749

1. Net of transaction fees.

The notes on pages 19 to 41 form part of this Interim Financial Report.

Notes to the Interim Financial Report

1. Reporting period

These results have been prepared as at 30 June 2025 and show the financial performance for the period from 1 January 2025 to this date.

2. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

These condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (FCA) and in accordance with UK adopted International Accounting Standards (IAS 34 Interim Financial Reporting). The Interim Financial Report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Annual Report & Accounts for the year ended 31 December 2024. The Group accounts consolidate the assets, liabilities and results of the Society and all its subsidiary companies. The assets, liabilities and results of the Bank are included with effect from its acquisition date of 1 January 2025.

Terminology used in the Interim Financial Report is consistent with that of the Annual Report and Accounts 2024 which is available on the Society website (www.thecoventry.co.uk) and contains a glossary of terms to aid users.

Going concern statement

Details of the Group's objectives, policies and processes for managing its risk exposure (including its principal risks of credit, market, liquidity and funding, conduct, operational, model and strategic risks) are contained in the Risk Management Report of the 2024 Annual Report & Accounts. An update on top and emerging risks has been provided on pages 13 and 14 and does not identify any material changes to the Group's risk profile.

The directors also include a statement on long-term viability on pages 113 and 114 of the 2024 Annual Report & Accounts. The current viability assessment has been made over the period to 31 December 2027, in line with the Group's Strategic Plan and capital and liquidity stress testing process.

Taking the Group's objectives, policies and processes into account alongside updates to the Group's strategic plan and stress testing performed incorporating the current economic and regulatory environment, the directors confirm they are satisfied the Group has adequate resources to continue in business for at least 12 months from the date of signing the Interim Financial Report and accordingly, it is appropriate to adopt the going concern basis in preparing this Interim Financial Report.

Accounting Policies

The accounting policies adopted by the Group in its 2025 Interim Financial Report are consistent with those disclosed in the Annual Report & Accounts for the year ended 31 December 2024 with the exception of updates noted in this report, which have arisen as a result of the acquisition of the Bank.

Business combinations

The acquisition of the Bank represents a business combination under IFRS 3 and is accounted for using the acquisition method. Identifiable assets and liabilities as well as consideration are measured at their fair value at the date of acquisition. Goodwill is measured as the difference between the fair value determined for the acquired assets and liabilities and the fair value of consideration paid. Where the the goodwill arising is negative, it is recognised in the income statement as a gain on date of acquisition. Other intangible assets arising as a result of the business combination are amortised over the estimated useful life.

Segmental reporting

The Board is responsible for allocating resources and assessing the performance of the business and is therefore identified as the chief operating decision maker.

With effect from 1 January, subsequent to the acquisition of the Bank, the Group has determined that it has two reportable segments as the Board reviews performance and makes decisions based on this information. The Group operates solely within the United Kingdom and therefore there is no segmental analysis on a geographical basis.

Derivative financial instruments - hedge accounting

The acquisition of the Bank included a portfolio of non-interest bearing balances (NIBBs), which are financial instruments that have not been previously held within the Group. The Group is applying the EU carve out of IAS 39 for hedge accounting of this portfolio. This allows an effective hedge accounting relationship to be designated for the interest rate exposure arising from stable, non-interest bearing current accounts based on behavioural modelling of their expected duration.

Notes to the Interim Financial Report continued

2. Basis of preparation and changes to the Group's accounting policies continued

Accounting Policies continued

Taxation including deferred tax

As a result of the acquisition of the Bank, recognised and unrecognised deferred tax assets were acquired by the Group. Deferred tax assets relating to unrealised losses are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and is supported by the Board approved financial plan.

The Group considers the likelihood of future taxable profits remaining sufficiently probable to warrant continued recognition of these assets, based on continued sustainable profit and existing financial plan anticipating continued profitability.

Basis of consolidation - unconsolidated structured entities

Within the combined Group, the Bank is the sponsor of two unconsolidated structured entities, Warwick Finance Residential Mortgages Number Three plc and Warwick Finance Residential Mortgages Number Four plc and holds legal title to mortgages in exchange for a fee for a further three unconsolidated structured entities, Avon Finance No. 3 plc., Avon Finance No 4 plc and Stratton Mortgage Funding 2024-3 plc. The Group reassesses its requirement to consolidate these structured entities on an annual basis. These structured entities are therefore not included within the consolidated results of the Group as its ongoing interest represents a less than de minimis variability of return.

Loans and advances to customers - ECL allowance on acquired portfolios

Following an acquisition, the acquiree, i.e. the Group, is required under IFRS 9 to recognise a new ECL allowance against the acquired non-credit impaired financial assets. Therefore all of the Bank's non-credit impaired assets are recognised by the Group in stage 1, which resulted in an initial £9 million charge to the income statement in the period. Loans that are credit impaired on acquisition are classed as purchased or originated credit-impaired ('POCI'), with any credit risk against these assets covered by the fair value adjustment recognised against the assets. Such credit impaired loans remain categorised as POCI throughout their life, irrelevant of any significant improvement in credit quality.

Changes in accounting standards

There are no amendments to standards effective from 1 January 2025 that apply to or have a material impact on the Group.

Judgement in applying accounting policies and significant accounting estimates

There are judgements relating to the application of the Group's accounting policies which have had a significant effect on the amounts recognised in the financial statements. The Group has also made significant assumptions and estimates that could affect the reported amount of assets and liabilities both in the accounts and in the following financial periods.

In relation to the acquisition of the Bank on 1 January 2025, the Group made significant judgements and estimates in respect of valuation techniques, modelling assumptions and estimates of market inputs used to determine the fair value of identifiable assets acquired and liabilities assumed. This resulted in the recognition of a gain on acquisition of £584 million. Further informations is included in note 18.

The most significant accounting policy judgements made by the Group are set out below:

Significant accounting policy judgements
Determining a significant increase in credit risk (SICR) under IFRS 9
Unconsolidated structured entities

These significant accounting policy judgements are set out in note 1 to the 2024 Annual Report & Accounts. This included the classification and measurement of equity release loans. As a result of this being a small residual and closed portfolio in run off, this is no longer classed as a significant accounting policy judgment.

The acquisition of the Bank in the period has resulted in an additional significant accounting policy judgement for the Group in relation to the unconsolidated structured entities.

Notes to the Interim Financial Report continued

2. Basis of preparation and changes to the Group’s accounting policies continued

Judgement in applying accounting policies and significant accounting estimates continued

The most significant accounting assumptions and estimates made by the Group are set out below, more information on each of them is included in the notes to the Interim Financial Report.

Significant assumptions and estimates	Notes
Expected Credit Loss provision on loans and advances to customers	10
- application of post model adjustments	
- forward-looking information incorporated in the ECL models	
Measurement of deferred tax assets in respect of future taxable profits	11

3. Segmental reporting

Coventry Building Society and its subsidiaries all operate in the United Kingdom and therefore no further geographical analysis has been presented.

The chief operating decision maker has been identified as the Group Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Operating segments are reported in a manner consistent with the internal reporting provided to the Board.

The Group operates with the following two segments:

Society: Provides retail financial services across mortgages and savings products to individual members and customers. Includes all income and costs associated with Coventry Building Society, Godiva Mortgages Ltd, ITL Mortgages Ltd and consolidated Special Purpose Vehicles (SPV) entities.

Bank: Provides retail and business banking services across mortgages, savings, current accounts and unsecured lending products to individual, SME and corporate customers. Includes all income and costs associated with The Co-operative Bank Holdings p.l.c., The Co-operative Bank p.l.c. and their subsidiaries.

In addition to the two segments identified above, certain other financial adjustments arise at a consolidated level as a result of combining the two organisation segments together. These have been classified separately as a consolidation category.

There is no comparative segmental reporting disclosed for the prior period. Prior to the acquisition of the Bank, the Group had no separately identified segments, being a wholly UK operating retail financial services under one banking licence.

Period to 30 Jun 2025 (Unaudited)	Society £m	Bank £m	Consolidation £m	Group £m
Net interest income	314	202	64	580
Other non-interest income	(4)	11	(49)	(42)
Total income	310	213	15	538
Profit before tax	128	25	569	722
Total assets	63,706	24,376	(612)	87,470
Total liabilities	60,047	23,091	76	83,214

Notes to the Interim Financial Report continued

4. Interest receivable and similar income

(Unaudited)	Period to 30 Jun 2025 £m	Period to 30 Jun 2024 £m
On financial assets measured at amortised cost:		
On loans and advances to customers	**1,370**	886
Interest on other liquid assets	**305**	253
Interest and other income on debt securities measured at FVOCI	**50**	36
Net income on financial instruments in a qualifying hedge relationship	**329**	481
Total interest receivable and similar income calculated using the EIR method	**2,054**	1,656

5. Interest payable and similar charges

(Unaudited)	Period to 30 Jun 2025 £m	Period to 30 Jun 2024 £m
On shares held by individuals	**939**	959
On other customer accounts	**204**	–
On subscribed capital	**2**	2
On other deposits and borrowings		
Subordinated liabilities	**3**	1
Debt securities in issue	**159**	105
Other[1]	**117**	138
Net expense from hedging instruments	**52**	121
Foreign currency gains	**(2)**	–
Total interest payable and similar charges	**1,474**	1,326

1. Included in other interest payable is £78 million relating to the Bank of England's Term Funding Schemes (30 June 2024: £89 million).

6. Net losses from derivative financial instruments

(Unaudited)	Period to 30 Jun 2025 £m	Period to 30 Jun 2024 £m
Derivatives designated as fair value hedges		
(Losses)/ gains on derivatives designated as fair value hedges	**(564)**	129
Movement in fair value of hedged items attributable to hedged risk	**457**	(199)
Derivatives designated as fair value hedges	**(107)**	(70)
Derivatives designated as cash flow hedges		
Interest rate	**55**	56
Derivatives designated as cash flow hedges	**55**	56
Gains on other derivatives	**–**	3
Total losses from derivative financial instruments	**(52)**	(11)

There have been no gains or losses on other derivatives, where hedge accounting could not be applied, during the period (30 June 2024: gains of £3 million).

The gains and losses recognised represent both the impact of early termination of derivative instruments and timing differences, which are expected to reverse over the remaining life of the derivatives although further volatility may also be experienced.

Within losses on derivatives designated as fair value hedges reported in the period, £47 million is included which arose from the restart of the hedging programme against the acquired Bank's mortgage portfolio and non-interest bearing liabilities.

7. Administrative expenses

(Unaudited)	Period to 30 Jun 2025 £m	Period to 30 Jun 2024 £m
Employee costs		
Wages and salaries	116	62
Social security costs	16	7
Pension costs	9	5
	141	74
Other expenses		
Information systems	73	28
Training, recruitment and other employee costs	4	6
Premises and facilities	10	4
Legal, professional and consultancy	29	27
Marketing and communications	6	3
Other operating expenses	50	16
Total	313	158
Acquisition and integration related costs	23	–
Total administrative expenses	336	158

8. Debt securities

	30 Jun 2025 (Unaudited) £m	31 Dec 2024 (Audited) £m
Amortised cost		
Mortgage backed securities	43	–
Fair value through other comprehensive income		
UK Government investment securities	783	483
Other listed transferable debt securities	963	19
	1,746	502
Fair value through profit and loss		
Mortgage backed securities	3	–
Total debt securities	1,792	502

	Amortised cost £m	FVOCI £m	FVTPL £m	Total £m
As at 1 January 2025 (Audited)	–	502	–	502
Recognised on acquisition	47	1,587	3	1,637
Additions	–	87	–	87
Maturities and disposals	(4)	(455)	–	(459)
Change in fair value	–	25	–	25
As at 30 June 2025 (Unaudited)	43	1,746	3	1,792

	Amortised cost £m	FVOCI £m	FVTPL £m	Total £m
As at 1 January 2024 (Audited)	–	1,564	–	1,564
Additions	–	844	–	844
Maturities and disposals	–	(1,902)	–	(1,902)
Change in fair value	–	(4)	–	(4)
As at 31 Dec 2024 (Audited)	–	502	–	502

Notes to the Interim Financial Report continued

9. Loans and advances to customers

	30 Jun 2025 (Unaudited) £m	31 Dec 2024 (Audited) £m
Retail		
Residential mortgages - owner occupier	**50,477**	32,412
Residential mortgages - buy to let	**20,659**	19,374
Unsecured[1]	**233**	–
SME and corporate lending	**1,024**	–
Legacy lending[2]	**9**	10
Total Gross loans and advances to customers (contractual amounts)	**72,402**	51,796
Expected credit loss provision	**(40)**	(24)
Total Net loans and advances to customers (contractual amounts)	**72,362**	51,772
EIR, fair value and other adjustments	**(30)**	29
Total loans and advances to customers	**72,332**	51,801

1. Unsecured represents credit cards, personal loans and overdraft facilities provided.
2. Legacy lending represents residual small portfolios of Society unsecured personal loans and commercial mortgages. The credit risk for these is immaterial and therefore not considered further in this report.

Off balance sheet exposures

Following the acquisition of the Bank, the Group now has customers across new lending areas, namely retail unsecured (comprising credit cards, personal loans and overdraft facilities) as well as SME and corporate lending. As a result, the Group now has off balance sheet exposures to undrawn credit facilities of £4,386 million at 30 June 2025, including mortgage pipeline. This is in addition to the on balance sheet lending exposures presented above. All expected credit loss provisions are based on the gross exposure rather than the balance drawn, which is recognised on balance sheet.

10. Impairment on loans and advances to customers

Provisions for expected credit losses (ECLs) have been deducted from Loans and advances to customers in the Condensed Consolidated Balance Sheet.

(Unaudited)	Period to 30 Jun 2025 £m	Period to 30 Jun 2024 £m
Income statement		
(Charge)/ release for the year	**(16)**	14
Net (write offs)/ recoveries of amounts previously written off	**(2)**	–
Total (charge)/ release to the Income Statement	**(18)**	14

Notes to the Interim Financial Report continued

10. Impairment on loans and advances to customers continued

The tables below show gross loans and advances to customers, ECL provision and resulting coverage ratio split by IFRS 9 stage at 30 June 2025 and 31 December 2024 for the Group. For loans in stages 2 and 3, further analysis of accounts which are past due and not past due is also shown. Past due is defined as accounts over one month in arrears.

	Stage 1 'Performing'	Stage 2 'Deteriorating'		Stage 3 'Default'		POCI	Total
As at 30 June 2025 (Unaudited)	£m	Not past due £m	Past due £m	Not past due £m	Past due £m	£m	£m
Gross balances							
Retail mortgages	**65,625**	**4,785**	**236**	**109**	**296**	**85**	**71,136**
Retail unsecured lending	**223**	**4**	**2**	**–**	**1**	**3**	**233**
SME and corporate lending	**996**	**16**	**–**	**2**	**–**	**10**	**1,024**
Legacy lending	**8**	**1**	**–**	**–**	**–**	**–**	**9**
Total	**66,852**	**4,806**	**238**	**111**	**297**	**98**	**72,402**
ECL							
Retail mortgages	**9**	**10**	**–**	**4**	**7**	**–**	**30**
Retail unsecured lending	**2**	**1**	**–**	**1**	**1**	**–**	**5**
SME and corporate lending	**2**	**4**	**–**	**–**	**–**	**(1)**	**5**
Legacy lending	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**13**	**15**	**–**	**5**	**8**	**(1)**	**40**
ECL coverage as a % of total balance							
Retail mortgages	**0.01%**	**0.21%**	**–**	**3.67%**	**2.36%**	**–**	**0.04%**
Retail unsecured lending	**0.90%**	**25.00%**	**–**	**–**	**100.00%**	**–**	**2.15%**
SME and corporate lending	**0.20%**	**25.00%**	**–**	**–**	**–**	**(10.00)%**	**0.49%**
Legacy lending	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total coverage	**0.02%**	**0.31%**	**–**	**4.50%**	**2.69%**	**(1.02)%**	**0.06%**

	Stage 1 'Performing'	Stage 2 'Deteriorating'		Stage 3 'Default'		POCI	Total
As at 31 December 2024 (Audited)	£m	Not past due £m	Past due £m	Not past due £m	Past due £m	£m	£m
Gross balances							
Retail mortgages	46,194	5,037	205	91	259	–	51,786
Retail unsecured lending	–	–	–	–	–	–	–
SME and corporate lending	–	–	–	–	–	–	–
Legacy lending	9	1	–	–	–	–	10
Total	46,203	5,038	205	91	259	–	51,796
ECL							
Retail mortgages	3	10	1	4	6	–	24
Retail unsecured lending	–	–	–	–	–	–	–
SME and corporate lending	–	–	–	–	–	–	–
Legacy lending	–	–	–	–	–	–	–
Total	3	10	1	4	6	–	24
ECL coverage as a % of total balance							
Retail mortgages	0.01%	0.20%	0.49%	4.40%	2.32%	–	0.05%
Retail unsecured lending	–	–	–	–	–	–	–
SME and corporate lending	–	–	–	–	–	–	–
Legacy lending	–	–	–	–	–	–	–
Total coverage	0.01%	0.20%	0.49%	4.40%	2.32%	–	0.05%

Notes to the Interim Financial Report continued

10. Impairment on loans and advances to customers continued

The Group's lending strategy is predominately focused on high quality low-risk residential mortgages, reflected in the low loan to value of the mortgage book and low levels of arrears and possessions. As a result of the acquisition of the Bank in the period, the Group now has two smaller portfolios of SME and corporate and retailed unsecured lending, which contribute less than 2% to the overall lending balances. At the reporting date 92% of loans are in stage 1 with 7% in stage 2 and 1% in stage 3 (31 December 2024: 89%, 10% and 1%). The proportion in stage 1 increased, and correspondingly the proportion in stage 2 decreased, during the period as a result of recognising the reset day one ECL for the acquired Bank portfolios under IFRS 9. £98 million of acquired loans have been categorised as purchased or originated credit-impaired ('POCI') on 1 January. Expected credit loss on POCI loans is covered by the day one fair value adjustment recognised as part of IFRS 3 acquisition accounting. Of the £98 million POCI loan balances at 30 June 2025, 89% are in default.

Cure periods are applied to accounts in stages 2 and 3 which have hit certain quantitative triggers such as arrears. These cure periods delay transition of loans to a lower credit risk classification (i.e. from stage 3 to stage 2 or from stage 2 to stage 1) by requiring 12 months of sustained performance before a loan is reassessed. As a result, loans can be recorded in stage 2 or stage 3 despite otherwise performing at the reporting date.

Stage 2 balances were £5,044 million (31 December 2024: £5,243 million) and of these £238 million or 5% (31 December 2024: £205 million, 4%) are in arrears by 30 days or more. At 30 June 2025, 52% or £2,630 million (31 December 2024: 58% or £3,040 million) of the loans in stage 2 are present as a result of the SICR criteria established to reflect the cost of living affordability risk. All of these accounts were paid up to date at 30 June 2025 and remain in stage 2 as a result of indicators of increased risk.

Of the £408 million (31 December 2024: £350 million) of loans which are classified as stage 3 at the reporting date, 57% or £232 million were greater than or equal to three months in arrears (31 December 2024: 50%, £176 million), and 27%, or £111 million, were paid up to date (31 December 2024: 26%, £91 million). As at 30 June 2025 the number of properties in possession remained low; a total of £12 million of stage 3 and POCI loans are in possession (31 December 2024: £8 million), representing 61 individual properties (31 December 2024: 36 properties). This includes any possession cases in the acquired Bank portfolios.

Significant accounting judgements – determining criteria for a significant increase in credit risk (SICR)

IFRS 9 requires the Group to categorise its loans into one of four stages at the Balance Sheet date. Loans that are performing are shown in Stage 1; loans that have had a SICR since initial recognition are shown in Stage 2; loans that are credit impaired or in default are in Stage 3; and loans that are credit impaired on acquisition are shown in POCI. The SICR criteria remain largely unchanged from 31 December 2024 and more information is provided on page 133 of the 2024 Annual Report & Accounts. Following the acquisition of the Bank in the period, a detailed review and period of integration activity has commenced to inform future alignment of model approach for the combined Group. This includes the detailed review of SICR criteria across similar portfolios, which is not expected to give rise to a material change to the Group's financial results.

Significant accounting estimates – application of post model adjustments

Included within the ECL provision of £40 million (31 December 2024: £24 million) is £5 million (31 December 2024: £6 million) relating to post model adjustments (PMAs). These post model adjustments have been included where the Group's models do not fully capture the associated risks of future credit losses.

The application of PMAs are considered by the Group's ECL management committee. PMAs are reviewed and assessed for reasonableness considering future expectation of performance in context of historic performance and other indicators. Oversight of judgements relating to ECLs is provided by the Group Board Audit Committee.

Further information on the PMAs recognised at 30 June 2025 is set out below.

Post model adjustments

The Group has recognised PMAs of £5 million at 30 June 2025 (31 December 2024: £6 million). Of these provisions, £2 million (31 December 2024: £2 million) relates to the residual cost of living affordability risk, as the remaining five year fixed rate mortgages taken out before the look back point of June 2022 mature onto significantly higher market rates. Other PMAs include areas such as fraud, negative equity accounts identified through using automated valuation models (AVM), and other legacy cases. The provision for unsuitable cladding and other fire safety risks has been released in the period due to there no longer being a material unmodelled risk. The PMAs have been included in the ECLs on a consistent basis to previous periods.

Notes to the Interim Financial Report continued

10. Impairment on loans and advances to customers continued

A reconciliation of movements in gross balances and impairment provision split by IFRS 9 stage from 1 January 2025 to 30 June 2025 and 1 January 2024 to 31 December 2024 is set out in the following tables.

Gross customer balance (Unaudited)	Stage 1 12 month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	POCI £m	Total £m
At 1 January 2025	46,203	5,243	350	–	51,796
Loans recognised on acquisition	20,347	–	–	120	20,467
Movements with Income Statement impact					
Transfers from Stage 1 to Stage 2	(1,465)	1,465	–	–	–
Transfers from Stage 1 to Stage 3	(55)	–	55	–	–
Transfers from Stage 2 to Stage 3	–	(75)	75	–	–
Transfers from Stage 3 to Stage 2	–	22	(22)	–	–
Transfers from Stage 3 to Stage 1	6	–	(6)	–	–
Transfers from Stage 2 to Stage 1	1,373	(1,373)	–	–	–
Net movement arising from transfer of stages	(141)	39	102	–	–
New loans originated[1]	4,602	12	–	–	4,614
Loans derecognised in the period	(3,059)	(199)	(40)	(17)	(3,315)
Repayment and charges	(1,099)	(51)	(3)	(3)	(1,156)
Net write offs	(1)	–	(1)	(2)	(4)
At 30 June 2025	66,852	5,044	408	98	72,402

1. New mortgages originated in stages 2 and 3 relate to further advances on accounts which are performing at the date of origination but are in the 12 month cure period for IFRS 9 staging.

Gross customer balance (Audited)	Stage 1 12 month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	POCI £m	Total £m
At 1 January 2024	42,720	7,319	268	–	50,307
Loans recognised on acquisition	–	–	–	–	–
Movements with Income Statement impact					
Transfers from Stage 1 to Stage 2	(2,193)	2,193	–	–	–
Transfers from Stage 1 to Stage 3	(71)	–	71	–	–
Transfers from Stage 2 to Stage 3	–	(134)	134	–	–
Transfers from Stage 3 to Stage 2	–	29	(29)	–	–
Transfers from Stage 3 to Stage 1	10	–	(10)	–	–
Transfers from Stage 2 to Stage 1	3,592	(3,592)	–	–	–
Net movement arising from transfer of stages	1,338	(1,504)	166	–	–
New loans originated[1]	7,057	17	–	–	7,074
Loans derecognised in the period	(3,083)	(481)	(78)	–	(3,642)
Repayment and charges	(1,829)	(108)	(5)	–	(1,942)
Net write offs	–	–	(1)	–	(1)
At 31 December 2024	46,203	5,243	350	–	51,796

1. New mortgages originated in stages 2 and 3 relate to further advances on accounts which are performing at the date of origination but are in the 12 month cure period for IFRS 9 staging.

Notes to the Interim Financial Report continued

10. Impairment on loans and advances to customers continued

ECL provision movements (Unaudited)	Stage 1 Provision 12 month ECL £m	Stage 2 Provision lifetime ECL £m	Stage 3 Provision lifetime ECL £m	POCI Provision £m	Total Provision £m
At 1 January 2025	3	11	10	–	24
Loans recognised on acquisition	9	–	–	–	9
Movements with Income Statement impact					
Transfers from Stage 1 to Stage 2	–	6	–	–	6
Transfers from Stage 1 to Stage 3	–	–	2	–	2
Transfers from Stage 2 to Stage 3	–	(1)	1	–	–
Transfers from Stage 3 to Stage 2	–	1	1	–	2
Transfers from Stage 3 to Stage 1	–	–	–	–	–
Transfers from Stage 2 to Stage 1	–	–	–	–	–
Net movement arising from transfer of stages	–	6	4	–	10
New loans originated[1]	3	–	–	–	3
Remeasurement of ECL due to changes in risk parameters	–	–	1	1	2
Decrease in post model adjustments	–	(1)	–	–	(1)
Remeasurement of ECL due to model refinements	–	–	(1)	–	(1)
Loans derecognised in the period	(2)	(1)	(1)	–	(4)
Net write offs directly to Income Statement	–	–	–	(2)	(2)
Income Statement Charge for the period	10	4	3	(1)	16
Repayment and charges	–	–	–	–	–
Net write offs and other ECL movements	–	–	–	–	–
At 30 June 2025	13	15	13	(1)	40

1. New mortgages originated in stages 2 and 3 relate to further advances on accounts which are performing at the date of origination but are in the 12 month cure period for IFRS 9 staging.

ECL provision movements (Audited)	Stage 1 Provision 12 month ECL £m	Stage 2 Provision lifetime ECL £m	Stage 3 Provision lifetime ECL £m	POCI Provision £m	Total Provision £m
At 1 January 2024	2	29	11	–	42
Loans recognised on acquisition	–	–	–	–	–
Movements with Income Statement impact					
Transfers from Stage 1 to Stage 2	–	2	–	–	2
Transfers from Stage 1 to Stage 3	–	–	1	–	1
Transfers from Stage 2 to Stage 3	–	(1)	1	–	–
Transfers from Stage 3 to Stage 2	–	–	–	–	–
Transfers from Stage 3 to Stage 1	–	–	–	–	–
Transfers from Stage 2 to Stage 1	–	(1)	–	–	(1)
Net movement arising from transfer of stages	–	–	2	–	2
New loans originated[1]	2	–	–	–	2
Remeasurement of ECL due to changes in risk parameters	–	(1)	2	–	1
Decrease in post model adjustments	–	(16)	(2)	–	(18)
Remeasurement of ECL due to model refinements	–	–	–	–	–
Loans derecognised in the period	(1)	(1)	(2)	–	(4)
Net write offs directly to Income Statement	–	–	(1)	–	(1)
Income Statement Charge for the period	1	(18)	(1)	–	(18)
Repayment and charges	–	–	–	–	–
Net write offs and other ECL movements	–	–	–	–	–
At 31 December 2024	3	11	10	–	24

1. New mortgages originated in stages 2 and 3 relate to further advances on accounts which are performing at the date of origination but are in the 12 month cure period for IFRS 9 staging.

Notes to the Interim Financial Report continued

10. Impairment on loans and advances to customers continued

Significant assumptions and estimates - forward-looking information incorporated in the ECL models

Formulation of economic scenarios and governance

The economic scenarios used by the Group reflect management's best estimate of the future economic conditions under a range of scenarios including a weighting reflecting the loss distribution on the occurrence of each scenario. At 30 June 2025 the Group has used alternative economic scenarios to assess ECLs across its lending portfolios.

Scenarios and accompanying weightings are determined following analysis of economic news, forecasts, peer benchmarking and scientific developments and results. By their nature, a significant degree of estimation is involved in determining the scenario weightings.

These scenarios and weightings are developed within the Group's Treasury function and are reviewed and approved quarterly by the Group's Asset and Liability Committee with further approval at reporting periods by the Group Board Audit Committee.

Current year scenarios and weightings

The assumptions in each of the four (31 December 2024: four) scenarios evolve to reflect latest expectations, with the base scenario representing the most likely outcome, complemented by upside and downside scenarios based on potential economic developments. The weightings used at the half year reflect the Group's view of the range of potential future economic conditions at the Balance Sheet date.

During the period the weightings for each scenario were reviewed and updated from those applied at 2024 year end. The base scenario weighting has decreased to 50% (31 December 2024: 55%), and the upside scenario weighting has increased to 15% (31 December 2024: 10%). The weightings used at the period end reflect the Group's view of the range of potential future economic conditions at the Balance Sheet date.

An explanation of each scenario and its relative weighting in calculating ECL is set out below.

Scenario	Weighting
Base The central scenario used to support the business planning of the Group. Unemployment rises a little following restrictive monetary policy, but GDP growth is expected to pick up gradually. Whilst domestic inflationary pressures take longer to unwind than they did to emerge, CPI is expected to return close to the 2% target in the near term, allowing bank rate to decrease. This easing of conditions supports house prices which return to modest growth.	50%
Downside Inflation rebounds, having proven stickier than expected and central banks need to increase interest rates further to contain it. There is an economic contraction resulting from further cost of living deterioration which drives up unemployment, and house prices weaken considerably. Inflation returns to target within the first five years and monetary policy begins to ease.	25%
Severe downside Following the Bank of England's Bank Capital Stress Test, in which deep simultaneous recessions in the UK and global economies sees large falls in asset prices and higher global interest rates. GDP contracts 5% as unemployment reaches 8.5%. Bank rate rises to 8% to tackle inflation of 10% and house prices consequently fall 28%.	10%
Upside Inflation dissipates and unemployment reduces, underpinning robust economic growth and rising house prices. The Bank of England lowers bank rate in response to the easing inflation environment.	15%

The ECL calculation, which incorporates the four key economic assumptions, is particularly sensitive to changes in the following assumptions in each of the scenarios:

- Unemployment rate, given its impact on borrowers' ability to meet their loan repayments.
- House Price Index (HPI), given the significant impact it has on mortgage collateral valuations.

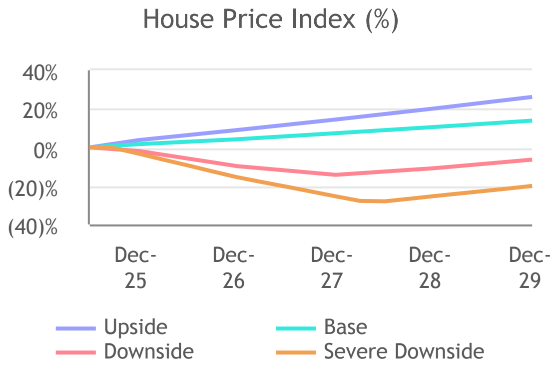
Notes to the Interim Financial Report continued

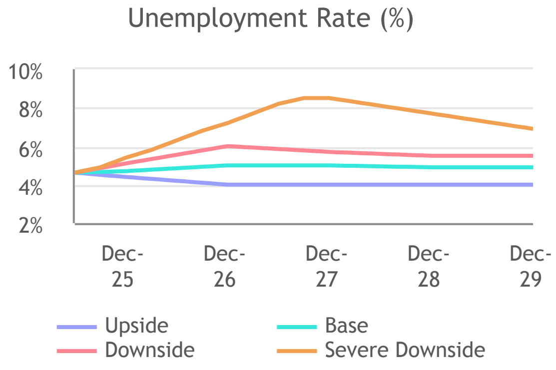
10. Impairment on loans and advances to customers continued

Significant assumptions and estimates - forward-looking information incorporated in the ECL models continued

Current year scenarios and weightings continued

The following graphs and tables show the key economic assumptions used in the scenarios at 30 June 2025.





		30 June 2025 (Unaudited)			31 December 2024 (Audited)		
		Weighting	Unemployment %	HPI %	Weighting	Unemployment %	HPI %
Base	2025	50%	4.7	1.7	55%	4.5	2.5
	2026		5.0	2.5		4.5	3.0
Downside	2025	25%	5.1	(1.9)	25%	6.5	(7.5)
	2026		6.0	(8.0)		6.8	(9.5)
Severe Downside	2025	10%	5.4	(3.3)	10%	5.7	(4.1)
	2026		7.2	(12.6)		8.4	(14.1)
Upside	2025	15%	4.4	3.8	10%	4.2	5.0
	2026		4.0	5.0		4.0	4.5

While the Group's ECL calculation is particularly sensitive to unemployment and HPI movements, GDP and the Bank of England Bank Rate remain key drivers of the provision calculation and the forward economic outlook. The rates applied to all key measures are shown below for the five year forecast period:

Key economic assumptions as at 30 June 2025 (Unaudited)

Scenario/ weighting	Assumption[1]	2025 %	2026 %	2027 %	2028 %	2029 %	Peak to trough %	Range %	Average to 31 Dec 2029[2] %
Base 50%	Unemployment	4.7	5.0	5.0	4.9	4.9	0.4	4.6 - 5	4.9
	HPI	1.7	2.5	3.0	3.0	3.0	13.6	0.3 - 13.9	2.9
	GDP	0.4	1.3	1.8	1.5	1.5	6.6	0.1 - 6.6	1.4
	Base Rate	3.75	3.50	3.50	3.50	3.50	0.75	3.50 - 4.25	3.57
Downside 25%	Unemployment	5.1	6.0	5.7	5.5	5.5	1.3	4.7 - 6	5.5
	HPI	(1.9)	(8.0)	(5.0)	4.0	5.0	13.9	(14.3) - (0.3)	(1.5)
	GDP	(0.9)	(0.9)	1.4	1.5	1.4	4.3	(1.8) - 2.5	0.5
	Base Rate	5.00	5.25	4.50	4.00	4.00	1.25	4.00 - 5.25	4.57
Severe Downside 10%	Unemployment	5.4	7.2	8.5	7.7	6.9	3.8	4.7 - 8.5	7.1
	HPI	(3.3)	(12.6)	(11.7)	0.1	7.1	27.9	(28) - (0.1)	(4.8)
	GDP	(1.5)	(3.6)	1.4	1.4	1.4	4.9	(5) - (0.1)	(0.2)
	Base Rate	7.00	7.50	6.00	4.50	3.25	4.75	3.25 - 8.00	5.89
Upside 15%	Unemployment	4.4	4.0	4.0	4.0	4.0	0.6	4 - 4.6	4.1
	HPI	3.8	5.0	5.0	5.0	5.0	25.5	0.6 - 26.2	5.3
	GDP	1.1	2.5	2.8	3.0	3.0	12.8	0.2 - 13.0	2.7
	Base Rate	3.25	2.75	2.75	2.75	2.75	1.50	2.75 - 4.25	2.95

1. Unemployment and Bank Rate are shown at the year-end rate; HPI change and GDP change are for the six months ending 31 December 2025, and 12 months ending 31 December 2026 to 2029.
2. HPI change and GDP change average to 31 December 2029 are shown as the annual compound growth rates.

10. Impairment on loans and advances to customers continued

Significant assumptions and estimates - forward-looking information incorporated in the ECL models continued

Current year scenarios and weightings continued

A significant degree of estimation uncertainty relates to the relative weightings applied to each of the scenarios. In order to demonstrate this sensitivity, the impact of applying 100% of a particular scenario on the reported IFRS 9 ECL provision is shown below. For example, if the provision was wholly calculated on the base scenario, it would decrease by £10 million, or 25% (31 December 2024: £6 million, 25%) compared to the reported provision. If a 100% weighting was attributed to the severe downside scenario, ECLs would increase by £41 million or 103% (31 December 2024: £22 million, 92%).

	30 June 2025 (Unaudited)		31 December 2024 (Audited)	
Scenario	IFRS 9 provision £m	(Decrease)/ increase %	IFRS 9 provision £m	(Decrease)/ increase %
IFRS 9 weighted average	40	—	24	—
Base scenario	30	(25.0)	18	(25.0)
Downside scenario	52	30.0	32	33.3
Severe downside scenario	81	102.5	46	91.7
Upside scenario	27	(32.5)	16	(33.3)

Within each scenario the staging of loans will differ based on varying economic factors applied. However, for the final ECL calculation loans are allocated to a single stage with a weighted average 12 month or lifetime PD applied which takes into account the multiple economic scenarios. As a result of this, the ECL calculated above for 100% of each scenario multiplied by the scenario probability will not reconcile to the final ECL provision.

Sensitivity assessment

As at 30 June 2025, a decrease to the annual HPI assumption by 10% combined with an increase in the unemployment rate assumption of 10% throughout the forecast period has the impact of increasing the ECL provision by £16 million (31 December 2024: £19 million) to £56 million (31 December 2024: £43 million).

Other credit risk information

Retail

LTV distribution

The LTV distribution of the retail mortgage book has remained broadly stable during the first half of 2025 with 86.1% of the mortgage book having an LTV of 75% or lower (31 December 2024: 87.7%) and the acquired portfolios having similar profiles. This is shown by IFRS 9 stage below:

As at 30 June 2025 Indexed loan to value (Unaudited)	Stage 1 Performing £m	Stage 2 Deteriorating £m	Stage 3 Default £m	POCI Acquired default £m	Impairment £m	Total £m
<50%	27,066	782	161	43	(1)	28,051
50% to 65%	19,866	1,863	129	21	(9)	21,870
65% to 75%	9,744	1,659	64	13	(6)	11,474
75% to 85%	5,952	570	33	6	(7)	6,554
85% to 90%	2,172	119	10	1	(2)	2,300
90% to 95%	764	22	3	1	(2)	788
95% to 100%	44	2	1	—	—	47
> 100%	17	4	4	—	(2)	23
Retail lending secured on mortgages	65,625	5,021	405	85	(29)	71,107
Unsecured loans	223	6	1	3	(5)	228
Mortgage pipeline	—	—	—	—	(1)	(1)
Other[1]	8	1	—	—	—	9
Total retail lending	65,856	5,028	406	88	(35)	71,343

1. Other includes Society legacy lending balances and expected credit losses which are not directly attributable to underlying accounts and therefore are not allocated across loan to value bandings.

Notes to the Interim Financial Report continued

10. Impairment on loans and advances to customers continued

Other credit risk information continued

Retail continued

LTV distribution continued

As at 31 December 2024 Indexed loan to value (Unaudited)	Stage 1 Performing £m	Stage 2 Deteriorating £m	Stage 3 Default £m	POCI Acquired default £m	Impairment £m	Total £m
<50%	20,020	722	140	–	(1)	20,881
50% to 65%	14,473	1,931	115	–	(7)	16,512
65% to 75%	6,175	1,760	57	–	(5)	7,987
75% to 85%	3,614	665	24	–	(4)	4,299
85% to 90%	1,359	134	7	–	(2)	1,498
90% to 95%	528	27	2	–	(1)	556
95% to 100%	25	2	1	–	–	28
> 100%	–	1	4	–	(2)	3
Retail lending secured on mortgages	46,194	5,242	350	–	(22)	51,764
Unsecured loans	–	–	–	–	–	–
Mortgage pipeline	–	–	–	–	–	–
Other[1]	9	1	–	–	(2)	8
Total retail lending	46,203	5,243	350	–	(24)	51,772

1. Other includes Society legacy lending balances and expected credit losses which are not directly attributable to underlying accounts and therefore are not allocated across loan to value bandings.

SME and Corporate

The tables below analyses the gross customer exposure for the SME and corporate portfolio by sector. The exposure to higher-risk sectors is limited. There are no prior period comparator tables presented as these portfolios have been recognised on 1 January 2025 as part of the Bank acquisition. An ECL allowance of £5 million is held against this portfolio.

Period ended 30 June 2025 (Unaudited)	Gross loan balance £m	Facility/ additional exposure £m	Total gross exposure £m
Private finance initiative (PFI)	**311**	**21**	**332**
Housing association	**255**	**36**	**291**
Commercial real estate	**245**	**25**	**270**
Other	**213**	**131**	**344**
Total SME and corporate lending	**1,024**	**213**	**1,237**
Of which CBILS and bounce back loans	**81**	**–**	**81**

The average LTV in the Commercial real estate balance is 51%. Credit risk mitigations for lending to other SME and corporate balances extends beyond property collateral and can include the taking of additional security, such as guarantees and appropriate covenants.

Notes to the Interim Financial Report continued

10. Impairment on loans and advances to customers continued

Arrears performance

The Group's longer-term arrears position is broadly stable in the first half of 2025 with £258 million (31 December 2024: £174 million) of accounts being more than three months in arrears, with an increased balance largely driven as a result of the Bank acquisition. The overall credit quality of the book however remains high and arrears levels compare favourably to the UK Finance average.

The pressure on arrears balances is reflective of the continuing challenging external economic environment currently facing borrowers. Whilst interest rates have fallen and inflation has reduced, the cumulative impact of their growth over the last two years continues to impact household finances. The Group will only seek repossession of a property when all reasonable efforts have failed or where the mortgage is unsustainable in the longer term. As at 30 June 2025, the Group has 61 properties in possession (31 December 2024: 36), including those taken on with the Bank acquisition.

	30 June 2025		31 December 2024	
Retail secured	Gross balance (Unaudited) £m	Arrears balance (Unaudited) £m	Gross balance (Audited) £m	Arrears balance (Audited) £m
Greater than three months	**258**	**15**	174	9
Greater than six months	**145**	**11**	99	7
Greater than one year	**62**	**7**	40	4
In possession	**12**	**1**	8	1

The accounts in arrears as a percentage of loans and advances to customers has increased marginally during the period, with the overall level of arrears remaining significantly lower than the UK Finance average, as shown below:

	30 June 2025		31 December 2024	
Retail secured	Gross balance (Unaudited) %	UK Finance[1] %	Gross balance (Unaudited) %	UK Finance[1] %
Greater than three months	**0.36**	**0.89**	0.33	0.91
Greater than six months	**0.20**	**0.59**	0.19	0.60
Greater than one year	**0.09**	**0.33**	0.08	0.31
In possession	**0.02**	**0.05**	0.01	0.02

1. Latest available quarterly information from UK Finance is as at 31 March 2025 (2024: 31 December 2024).

Retail unsecured and SME and corporate portfolios have £1,257 million of gross exposures, £1,204 million of balances, with £2 million of balances in arrears at 30 June 2025.

There are no prior period comparator tables presented as these portfolios have been recognised on 1 January 2025 as part of the Bank acquisition.

11. Taxation

The Group has an effective tax rate of 3.0% (period to 30 June 2024: 22.4%) and the effective tax rate is lower than the UK statutory corporation tax rate of 25%, primarily due to the accounting gain which arose upon acquisition of The Co-operative Bank Holdings p.l.c. on 1 January 2025, as detailed in note 18. As the gain arises on consolidation, it is not a taxable item in any of the individual entities within the Group.

With a UK corporation tax rate of 25% alongside the Bank Corporation Tax Surcharge of 3% (chargeable on banking profits in excess of £100 million and applicable to the Society and Bank), the combined rate of tax on banking profits in excess of £100 million is 28%. The deferred tax assets at 30 June 2025 have been calculated on these rates, reflecting the expected timing of reversal of the related timing differences.

The UK Government has enacted legislation implementing the global minimum top-up tax in the UK, which was effective from January 2024. Under this legislation, the Group is liable to pay a domestic top-up tax for the difference between its global anti-base erosion effective tax rate in the UK and the 15% minimum rate. The Group has assessed the impact of the legislation with support from its tax advisers and does not expect to be subject to a top-up tax.

Notes to the Interim Financial Report continued

11. Taxation continued

Deferred tax assets for unrealised losses

On acquisition of the Bank, the Group acquired recognised and unrecognised deferred tax assets relating to historic tax losses, which may be utilised against future profits.

Deferred tax assets in respect of historical tax losses are recognised to the extent that the latest approved financial plan supports the expected future profitability. There are inherent risks in estimating future profitability and the time horizon over which the losses may be utilised and as a result the extent of recognition of such balances is deemed to be both a significant judgement and estimate to the Group.

At 30 June 2025, deferred tax assets totalling £410 million (31 December 2024: £nil) with respect to trading losses have not been recognised where doubt exists over the availability of sufficient future taxable profits.

12. Deposits from banks

	30 Jun 2025 (Unaudited) £m	31 Dec 2024 (Audited) £m
Bank of England - TFSME	2,027	2,065
Sale and repurchase agreements (repos) in relation to:		
Covered bond programme	504	504
Debt securities	302	500
Other	628	863
Total deposits from banks	3,461	3,932

13. Debt securities in issue

	Medium term notes £m	Covered bonds £m	Residential Mortgage Backed Securities £m	Total £m
As at 1 January 2025 (Audited)	2,067	2,866	1,610	6,543
Recognised on acquisition	678	499	–	1,177
Cash flows	–	99	(290)	(191)
Non-cash flows				
Foreign exchange movements	15	67	–	82
Change in accrued interest	8	10	1	19
Amortisation	1	1	–	2
Unwind of initial fair value on acquisition	(5)	–	–	(5)
As at 30 June 2025 (Unaudited)	2,764	3,542	1,321	7,627

	Medium term notes £m	Covered bonds £m	Residential Mortgage Backed Securities £m	Total £m
As at 1 January 2024 (Audited)	1,145	2,955	1,278	5,378
Cash flows	910	(15)	331	1,226
Non-cash flows				
Foreign exchange movements	(2)	(76)	–	(78)
Change in accrued interest	12	–	–	12
Amortisation	2	2	1	5
As at 31 December 2024 (Audited)	2,067	2,866	1,610	6,543

Notes to the Interim Financial Report continued

14. Subordinated liabilities

	Issue date	Call date	Maturity date	30 Jun 2025 (Unaudited) £m	31 Dec 2024 (Audited) £m
Callable subordinated notes					
Coventry Building Society - 7.54% fixed rate	Aug 2009	Aug 2027	Aug 2032	**15**	15
The Co-operative Bank Holdings p.l.c. - 11.75% fixed rate	Nov 2023	May 2029	May 2034	**237**	–
Total subordinated liabilities				**252**	15

All subordinated liabilities are denominated in sterling and are repayable in the years stated, or earlier in accordance with their terms at the option of the issuer, subject to prior consent of the Prudential Regulation Authority (PRA).

Coventry Building Society

The subordinated notes rank equally with each other and behind all other creditors of the Society and the claims of Shareholding Members, other than holders of Permanent Interest Bearing Shares (PIBS) and Perpetual Capital Securities (PCS), for both principal and interest.

The fixed rate subordinated notes 2032 – 7.54% can be called at the option of the Society in August 2027 in accordance with their terms, subject to prior consent of the PRA.

The Co-operative Bank Holdings p.l.c.

The subordinated notes rank equally with each other and behind all other creditors of the issuer.

The fixed rate subordinated notes 2034 – 11.75% can be called at the option of the issuer in May 2029 in accordance with their terms, subject to prior consent of the PRA.

15. Subscribed capital

	30 Jun 2025 (Unaudited) £m	31 Dec 2024 (Audited) £m
Subscribed capital owed to permanent interest holding members is as follows:		
Permanent Interest Bearing Shares - 1992 - 12 1/8%	**42**	42
Total subscribed capital	**42**	42

Subscribed capital comprises the Permanent Interest Bearing Shares (PIBS) issued in 1992 that are only repayable in the event of the winding up of the Society. Interest is paid in arrears in half yearly instalments at 12.125% per annum.

PIBS rank equally with each other. They rank behind all other creditors of the Society including subordinated liabilities and the claims of Shareholding Members (other than holders of PCS, which rank behind PIBS) for both principal and interest. The holders of PIBS are not entitled to any share in any final surplus upon a winding up or final dissolution of the Society.

16. Other equity instruments

In June 2024, the Society issued £665 million of Perpetual Capital Securities (PCS). This is also known as Additional Tier 1 Capital. This PCS issuance pays a fully discretionary, non-cumulative fixed coupon at an initial rate of 8.750% per annum with optional redemption in December 2029. The rate will reset on 11 December 2029 and every five years thereafter to the prevailing rate on benchmark gilt plus 4.727%. Coupons are paid semi-annually in June and December. The cost of issuance of £7 million (net of tax) has been recognised within the Society's general reserve.

The returns paid to holders of PCS are treated as an appropriation of profit after tax, reflecting their categorisation as equity instruments, distributed directly from the general reserve. During the period to 30 June 2025, coupon payments of £29 million (30 June 2024: £21 million, 31 December 2024: £51 million) have been recognised in the Condensed Consolidated Statement of Change in Members' Interests and Equity. The 2024 payments include the interest relating to the 2019 issuance which was settled as part of the tender process.

The 2024 instruments have no maturity date. They are repayable at the option of the Society in 2029 and on every fifth anniversary thereafter, but only with the prior consent of the PRA. If the end-point Common Equity Tier 1 ratio for the Group, on either an individual consolidated or a consolidated basis, falls below 7% they convert to Core Capital Deferred Shares (CCDS) at the rate of one CCDS for every £67 PCS held.

The PCS rank behind all other creditors of the Society including Subordinated liabilities and the claims of Shareholding Members (other than PIBS), for both principal and interest. The holders of PCS are not entitled to any share in any final surplus upon a winding up or final dissolution of the Society.

In the prior year, a tender offer for previously issued PCS instruments was completed, with £388 million of the £415 million PCS repurchased for £390 million (net of tax). A residual £27 million was redeemed by the Society in September 2024 on the optional redemption date of the bonds.

17. Financial instruments – fair value of financial assets and liabilities

For the purpose of calculating fair values, fair value is assessed as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1:** unadjusted quoted prices in active markets for identical instruments.
- **Level 2:** valuation techniques for which all significant inputs are based on observable market data.
- **Level 3:** valuation techniques for which significant inputs are not based on observable market data.

Where applicable, the Group measures fair value using the quoted price in an active market for that instrument. A market is regarded as active if transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Where this is not applicable, the Group determines fair values using other valuation techniques.

The following table summarises the classification of carrying amounts of the Group's financial assets and liabilities at the reporting date.

30 June 2025 (Unaudited)	Amortised cost £m	Fair value through other comprehensive income £m	Fair value through profit and loss £m	Total £m
Financial assets				
Cash and balances with the Bank of England	11,413	–	–	11,413
Loans and advances to financial institutions	358	–	–	358
Debt securities	43	1,746	3	1,792
Loans and advances to customers	72,332	–	–	72,332
Hedge accounting adjustment	79	–	–	79
Derivative financial instruments	–	–	801	801
Investment in equity shares	–	–	7	7
Total financial assets	84,225	1,746	811	86,782
Other non-financial assets	688	–	–	688
Total assets	84,913	1,746	811	87,470
Financial liabilities				
Shares	50,865	–	–	50,865
Customer accounts	20,284	–	–	20,284
Deposits from banks	3,461	–	–	3,461
Debt securities in issue	7,627	–	–	7,627
Hedge accounting adjustment	20	–	–	20
Derivative financial instruments	–	–	397	397
Subordinated liabilities	252	–	–	252
Subscribed capital	42	–	–	42
Other financial liabilities	70	–	–	70
Total financial liabilities	82,621	–	397	83,018
Other non-financial liabilities	196	–	–	196
Total liabilities	82,817	–	397	83,214

17. Financial instruments – fair value of financial assets and liabilities continued

31 December 2024 (Audited)	Amortised cost £m	Fair value through other comprehensive income £m	Fair value through profit and loss £m	Total £m
Financial assets				
Cash and balances with the Bank of England	9,893	–	–	9,893
Loans and advances to financial institutions	329	–	–	329
Debt securities	–	502	–	502
Loans and advances to customers	51,801	–	–	51,801
Hedge accounting adjustment	(448)	–	–	(448)
Derivative financial instruments	–	–	1,084	1,084
Investment in equity shares	–	–	9	9
Total financial assets	61,575	502	1,093	63,170
Other non-financial assets	861	–	–	861
Total assets	62,436	502	1,093	64,031
Financial liabilities				
Shares	49,343	–	–	49,343
Customer accounts	82	–	–	82
Deposits from banks	3,932	–	–	3,932
Debt securities in issue	6,543	–	–	6,543
Hedge accounting adjustment	(68)	–	–	(68)
Derivative financial instruments	–	–	305	305
Subordinated liabilities	15	–	–	15
Subscribed capital	42	–	–	42
Total financial liabilities	59,889	–	305	60,194
Other non-financial liabilities	209	–	–	209
Total liabilities	60,098	–	305	60,403

Fair value of assets held at amortised cost

The following table summarises the fair value of the Group's financial assets and liabilities measured at amortised cost on the face of the Group's Balance Sheet.

	Carrying amount 30 Jun 2025 (Unaudited £m	**Fair value 30 June 2025 (Unaudited) £m**	Carrying amount 31 Dec 2024 (Audited £m	Fair value 31 Dec 2024 (Audited) £m
Financial assets				
Loans and advances to credit institutions	**358**	**358**	329	329
Debt securities	**43**	**44**	–	–
Loans and advances to customers	**72,332**	**72,314**	51,801	51,593
Financial liabilities				
Shares	**50,865**	**50,598**	49,343	49,268
Customer accounts	**20,284**	**20,276**	82	82
Deposits from banks	**3,461**	**3,460**	3,932	3,932
Debt securities in issue	**7,627**	**7,540**	6,543	6,441
Subordinated liabilities	**252**	**259**	15	19
Subscribed capital	**42**	**76**	42	67
Other financial liabilities	**70**	**70**	–	–

Notes to the Interim Financial Report continued

17. Financial instruments – fair value of financial assets and liabilities continued

Fair value of assets held at amortised cost continued

Loans and advances to credit institutions

The fair value of loans and advances to credit institutions over the longer term is estimated by discounting expected cash flows at a market discount rate. Amounts maturing in the short term are valued at carrying amount.

Loans and advances to customers

The fair value of loans and advances to customers is assessed as the value of the expected future cash flows, projected using contractual interest payments and repayments and the expected prepayment behaviour of borrowers. Assumptions are applied regarding expected levels of customer prepayments and the risk of defaults. The estimated future cash flows are discounted at current market rates for the loan types and adjusted where necessary to reflect any observable market conditions. The majority of the loans and advances to customers are on a fixed rate product, and therefore interest rate swap derivative instruments are in place against these assets. Hedge accounting related fair value adjustments of £79 million increase (31 December 2024: £448 million decrease) are excluded from the carrying value and fair value.

Debt securities

Debt securities for which no market price or executable bid is available at the year end date are valued by one of two methods. Where recent market prices or executable bids for the security, these are used as the basis for establishing a valuation. Otherwise, a security is valued based on its relative value to comparable bonds.

Shares and Customer accounts

The fair value of shares available on demand approximates to the carrying value. The fair value of fixed term or restricted access deposits is determined from the estimated projected cash flows discounted at the current market rates for those types of deposit. The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. Hedge accounting fair value adjustments to the shares balance of £23 million increase (31 December 2024: £18 million decrease) are excluded from the carrying value and fair value. Hedge accounting fair value adjustments to customer accounts of £21 million increase (31 December 2024: £nil) are excluded from the carrying value and fair value.

Deposits from banks and other deposits

The fair value of deposits taken from wholesale counterparties over the longer term is estimated by discounting expected cash flows at a market discount rate. Amounts maturing in the short term are valued at carrying amount.

Debt securities in issue, subordinated liabilities and subscribed capital

The estimated fair value of longer-dated liabilities is calculated based on quoted market prices where available or using similar issues as a proxy for those liabilities that are not of sufficient size or liquidity to have an active market quote. For those liabilities where quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate to the remaining term to maturity.

Other financial liabilities

The other financial liabilities represents items in the course of settlement in relation to the Bank's current accounts. These are all short term in nature and therefore there is no difference between the carrying value and the fair value.

Notes to the Interim Financial Report continued

17. Financial instruments – fair value of financial assets and liabilities continued

Fair value of assets held at fair value, and classification within the fair value hierarchy

The following table summarises the fair value of the Group’s financial assets and liabilities measured at fair value on the face of the Group’s Balance Sheet by fair value hierarchy and product type:

30 June 2025 (Unaudited)	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Derivative financial instruments - assets	–	801	–	801
Debt securities	1,746	–	3	1,749
Investment in equity shares	–	–	7	7
Derivative financial instruments - liabilities	–	(396)	(1)	(397)

31 December 2024 (Audited)	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Derivative financial instruments - assets	–	1,084	–	1,084
Debt securities	502	–	–	502
Investment in equity shares	1	–	8	9
Derivative financial instruments - liabilities	–	(304)	(1)	(305)

Level 1 - Debt securities - fair value through other comprehensive income - Listed

Market prices have been used to determine the fair value of listed debt securities.

Level 1 - Investment in equity shares - fair value through profit and loss - Listed

Market prices have been used to determine the fair value of listed Investments in equity shares.

Level 2 - Derivatives

Derivative products utilise observable market inputs for interest rate swaps and cross currency swaps. Valuations are generated by swap models which use present value calculations and incorporate assumptions for interest rate curves and foreign exchange spot and forward rates.

Level 2 - Debt securities - fair value through other comprehensive income - Unlisted

Where quoted market prices are not available at the valuation date, valuations of securities are based on their relative value to comparable securities.

Level 3 - Investment in equity shares - fair value through profit and loss - Unlisted

Level 3 investment in equity shares includes the Group’s holding in Visa Inc. preference shares and VocaLink Holdings Limited shares. These shares are valued based on future cash consideration which the Group expects to receive on sale of these instruments, or the underlying market value.

Level 3 - Derivatives

The item included within Level 3 is a balance tracking swap which has remained in place during the period. It is valued using present value calculations based on market interest rates curves. The unobservable inputs relate to the projection of the swap notional amount, which changes over time to match the balance of the underlying mortgage portfolio. Projected mortgage prepayment amounts are used in the modelling of the mortgage portfolio profile. The changes in the projection of interest and prepayment rates of the underlying mortgage portfolio affect both the balance tracking swap and hedged item so that the net Income Statement and Balance Sheet impact would be minimal.

Transfers between fair value levels

Transfers only occur when either it becomes possible to value a financial instrument using a method that is higher up the valuation hierarchy or it is no longer possible to value it using the current method and therefore it is valued using a method lower down the hierarchy. Transfers are considered to have occurred at the end of the reporting period for the purposes of this disclosure.

Notes to the Interim Financial Report continued

18. The acquisition of The Co-operative Bank Holdings p.l.c.

On 1 January 2025, the Society acquired the entire issued share capital of The Co-operative Bank Holdings p.l.c., (the ultimate holding company of The Co-operative Bank p.l.c.) for a total cash consideration of £745 million following receipt of regulatory approvals.

The Bank provides a range of banking products and services to both retail, small and medium sized enterprises and corporate customers. As outlined further on page 4, the acquisition deepens the enlarged group's existing presence in mortgages and savings and extends the Society's propositions. The Society's Board believes that the acquisition of the Bank was in the best interests of the Society and its current and future members.

In accordance with IFRS 3, a preliminary assessment of the fair value of the net assets acquired and the cash consideration paid has been completed at the date of acquisition and is detailed below. The fair values on acquisition are provisional due to the timing of the completion and will be finalised within 12 months of the acquisition date based on information in existence at the date of acquisition. It is possible that there may be small changes to the gain recognised in the second half of the year as the completion accounts process concludes.

	Book value as at 1 January 2025 £m	Fair value adjustments £m	Fair value as at 1 January 2025 £m
Assets			
Cash in hand and balances with the Bank of England	2,586	–	2,586
Loans and advances to credit institutions	173	–	173
Debt securities	1,637	–	1,637
Loans and advances to customers	20,373	31	20,404
Derivative financial instruments	216	–	216
Investments in equity shares	6	–	6
Current tax assets	7	–	7
Deferred tax assets	243	(26)	217
Intangible assets	110	143	253
Property, plant & equipment	52	4	56
Other assets	9	–	9
Prepayments and accrued income	36	–	36
Pension benefit asset	32	–	32
Total assets	25,480	152	25,632
Liabilities			
Deposits from banks	2,717	–	2,717
Amounts owed to other customers	19,971	5	19,976
Debt securities in issue	1,156	21	1,177
Hedge accounting adjustment	(21)	21	–
Derivative financial instruments	48	–	48
Accruals and deferred income	47	–	47
Other liabilities	82	–	82
Provisions for liabilities and charges	10	–	10
Pension benefit obligation	5	–	5
Subordinated liabilities	200	41	241
Total liabilities	24,215	88	24,303
Net assets acquired	1,265	64	1,329
Cash consideration paid			745
Gain on acquisition			584

The consideration was fully settled in cash on completion, subject to a small residual holdback which is payable during 2025 subject to satisfactory conclusion of the completion accounts process. £125 million of the total £745 million cash consideration is deferred and held in escrow for a period of 3 years from completion in line with the terms of the share purchase agreement.

18. The acquisition of The Co-operative Bank Holdings p.l.c. continued

The fair value of loans and advances to customers of £20,404 million was calculated using a discounted cash flow method, at an individual account or suitable segmented level taking into account interest, market and credit risk for the acquired loans. The gross contractual amount of the loans and advances receivable from the customers was £20,476 million. The best estimate of the amounts not expected to be collected was £29 million.

For other assets and liabilities held at amortised cost, suitable valuation techniques were used to assess fair value.

Intangible assets recognised on acquisition relate to a core deposit intangible of £143 million. This relates to the value derived from access to a stable source of low cost, on-demand deposit balance funding when compared to the cost of alternative funding available to a typical market participant. The intangible asset represents the present value of the cost savings expected to be realised over the expected remaining useful life of the deposits and is being amortised over a life of five years.

Deferred tax at the rate of 28% has been recognised on all fair value adjustments arising.

Since 1 January 2025 (the date representing both the acquisition date and the start of the financial year), total income of £213 million and profit after tax of £20 million has been included in the consolidated income statement for the period ended 30 June 2025.

Gain on acquisition

As the fair value of the identifiable net assets acquired were greater than the fair value of consideration paid, negative goodwill arises. For accounting purposes, this is considered a bargain purchase. The acquisition has resulted in provisional gain on acquisition of £584 million which is recognised and presented separately in the consolidated income statement as at the acquisition date. The purchase of the Bank resulted in a gain due to the macroeconomic conditions in the post financial crisis period and the surplus liquidity positions held by market participants, like the Society. Therefore the Society is in a better position to realise the fair value of the net assets acquired compared with the Seller.

Acquisition costs

Acquisition costs of £27 million have been incurred by the Society in relation to the acquisition. Of this, £22 million was recognised within acquisition and integration-related costs in the financial year ended 31 December 2024. A further £5 million of costs arose on completion in the 2025 reporting period.

Net cash on acquisition

On acquisition of the Bank, the Group acquired £2,586 million of cash balances. This was offset by the consideration paid of £745 million, resulting in a net cash inflow of £1,841 million.

Responsibility Statement

The directors confirm that this Interim Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting. The Interim Financial Report has been prepared in accordance with the applicable set of accounting standards giving a true and fair view of the assets, liabilities, financial position and profit or loss. This includes a fair review of the important events that have occurred during the first six months of the year and their impact on the Interim Financial Report, in addition to a description of the principal risks and uncertainties for the remaining six months of the year as required by the Disclosure and Transparency Rules (DTR 4.2.7).

A full list of the Board of directors can be found in the 2024 Annual Report & Accounts. Mark Parker and Caroline Marsh were appointed to the Board as Non-Executive Directors on 1 and 3 January 2025 respectively. Caroline became the Chair of the Remuneration Committee on appointment.

Signed on behalf of the Board by

Stephen Hughes
Chief Executive

Lee Raybould
Chief Financial Officer

29 July 2025

Independent review report to Coventry Building Society

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Coventry Building Society's condensed consolidated interim financial statements (the "interim financial statements") in the interim financial report of Coventry Building Society for the 6 month period ended 30 June 2025 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed Consolidated Balance Sheet as at 30 June 2025;
- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Statement of Changes in Members' Interests and Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim financial report of Coventry Building Society have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim financial report, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the interim financial report, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the interim financial report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the Society for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
29 July 2025

Other information

The Interim Financial Report information set out in this document is unaudited and does not constitute accounts within the meaning of section 73 of the Building Societies Act 1986.

The financial information for the year ended 31 December 2024 has been extracted from the Annual Report & Accounts for that year. The Annual Report & Accounts for the year ended 31 December 2024 have been filed with the Financial Conduct Authority. The Auditors' report on these Annual Report & Accounts was unqualified.

A copy of the Interim Financial Report is placed on the website of Coventry Building Society, at www.thecoventry.co.uk. The directors are responsible for the maintenance and integrity of the information on the Society's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Forward Looking Statements

Certain statements in this Interim Financial Report are forward looking. The Group, defined in this Interim Financial Report as Coventry Building Society and its subsidiary undertakings, believes that the expectations reflected in these forward looking statements are reasonable based on the information available at the time of the approval of this report. However, we can give no assurance that these expectations will prove to be an accurate reflection of actual results; because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward looking statements. We undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

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