

# Co-operative Bank plc

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## Co-operative Bank losses shrink but fierce mortgage competition hits margins

Co-operative Bank narrowed its losses in the first half but warned that fierce competition in mortgages will drag margins lower for the year.

The lender posted a statutory loss before tax of £38.5m for six months to the end of June, compared to a £39.5m loss last year.

Total income was broadly flat at £191.2m, which was better than expected.

The net interest margin (NIM) - the difference between interest earned on loans and money paid on deposits - fell to 1.83% from 2.08% due to competitive price pressures in mortgages.

Co-op Bank said NIM will reduce further in the 2019 financial year.

"We have seen margin headwinds this year so far, but our safe lending book provides resilience in what is a challenging retail banking market and an ongoing uncertain political and economic backdrop," said chief executive Andrew Bester.

"Overall, our business has proved resilient, and as a result we have upgraded our expectations in relation to our CET1 (common equity tier 1 ratio) and cost:income ratios for the remainder of the year."

The company raised its guidance on CET1 - a key measure of financial strength - to 20.5% from 19% following an outperformance in the first half of 21.9%.

The cost to income ratio is expected to be 110%, compared to 115% previously, on lower costs after rising to 101% in the first half from 95.7% last year.

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### Share Information

**Code:** CPBB

**Listing:** LSE

**Sector:** Banks

**Website:** [www.co-operativebank.co.uk](http://www.co-operativebank.co.uk)

### Company Synopsis:

*The Co-operative Bank plc provides a range of banking and financial services in the United Kingdom. Its retail segment includes customer focused products and services for individuals, sole traders and small partnerships. This includes mortgages, credit cards, consumer loans, current accounts and savings products.*

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