

A building society, a bank, and a big step forward

Delivering a £89 billion combination of Coventry Building Society
and The Co-operative Bank.

Delivering a transaction of this size and complexity will always be a significant project. But when Coventry Building Society asked us to advise them on the acquisition of The Co-operative Bank, we immediately recognised the deal as a watershed moment for high street banking and for the UK mutual sector. After all, it's not every day that a building society buys a bank¹. In seeking an opportunity to expand its offering into new products, Coventry Building Society embarked on the biggest deal in its 141-year history. And we were with them every step of the way.



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THE CHALLENGE

We needed to work with the Society to negotiate a deal that would meet its strategic objectives and values as a mutual, delivering long-term value for the Society and its members. For Coventry Building Society, the acquisition involved a move into uncharted waters. The acquisition would, for the first time, provide it with an established position in the personal current account market, while broadening the Society's channels and distribution capabilities. This includes an enlarged national footprint and introduces a business savings and proposition into the Society's offering. We closely supported the Society in navigating the acquisition and the relevant risks and opportunities that this presented as part of the journey.

The negotiations also offered up an additional challenge, as across the table were multiple private equity and hedge fund sellers, and a variety of different advisers representing the different interests of The Co-operative Bank and its major shareholders – all with diverse objectives, ideas and positions. From negotiating terms against tight deadlines, to the need for meticulous due diligence, to addressing the intricacies of a high-profile transaction involving close regulatory engagement and significant public interest, it's safe to say the stakes were high.

THE SOLUTION

A multi-faceted challenge requires a multi-faceted solution. Led by our Financial Services M&A team, we deployed a wider 50+-strong, cross-disciplinary team to get the deal across the line. Drawing on an impressive breadth and depth of specialist knowledge (including our market leading building societies and mutuals expertise), we were able to help Coventry Building Society bridge the gap between its current and prospective business models, plan and prepare for future scenarios, and understand the impact of the deal on the business. At the same time, we worked very closely with the senior leadership team of Coventry Building Society, building a strong relationship and helping to streamline decision-making and communication.



We were delighted to advise Coventry Building Society on this transformational transaction for the Society and the broader retail banking and mutuals sectors and very much look forward to continuing to work closely with the Society over the period ahead.

Ben Koehne, Partner, Head of Financial Services Sector and Head of Building Societies and Mutuals

THE IMPACT

With the completion of the deal, Coventry Building Society has become the seventh largest retail banking group in the UK. The Society cemented its market position as the UK's second largest building society and created a combined group with assets of circa £89 billion at the end of 2024. The deal enabled the Society to leverage its financial scale and a diversified funding base to continue to offer strong member value and enhance investment across branches, online, telephone and mobile services. For The Co-operative Bank and its customers, it signals a return to mutual ownership for the first time in more than a decade, and an exciting future ahead for the combined organisations.



Helping Coventry Building Society complete this momentous transaction while staying consistent with its core values was a real pleasure and we look forward to helping the Society in its future success.

Hardeep Plahe, Partner,
Corporate Finance

£780M
CASH ACQUISITION

£90 BILLION
APPROX. COMBINED
GROUP ASSETS²

4.5 MILLION
COMBINED MEMBERS
AND CUSTOMERS IN UK³

¹ Coventry Building Society's acquisition of The Co-operative Bank, alongside Nationwide Building Society's £2.9bn acquisition of Virgin Money (on which we also advised on key aspects) marked an unprecedented market milestone.

² Update based on 31 December 2024 annual report and accounts

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