

4 March 2021

Coventry Building Society delivers a resilient performance, providing outstanding service to members and continuing to invest for the future.

Steve Hughes, Chief Executive, Coventry Building Society, said on announcing the Society's 2020 Annual Results:

"I was immensely proud to join the Society in April as the impacts of the Covid-19 pandemic were just emerging. Since then the ongoing health crisis, combined with the economic and social impacts of ongoing lockdown restrictions, have had a major impact on us all. I would like to thank key workers across the country for all they have done and my thoughts go out to everyone who has been impacted by the pandemic."

"It meant, of course, that 2020 has been an unprecedented year. But we remained open for business, continuing to meet the needs of our members and customers and providing great service. We continued to invest for the future whilst delivering a robust financial performance and balancing the needs of borrowers, savers and those in financial difficulty. I am proud of my colleagues who have lived our Values and our belief in putting members first."

Annual Results for the 12 months ended 31 December 2020 include:

- **Mortgage Growth:** Mortgage balances grew by £1.2bn (3.0%) to £43.5bn.
- **Savings Growth:** Savings balances grew by £1.9bn (5.0%) to £38.2bn.
- **Additional Member value:** The average weighted savings rate paid to members was 1.18%, 0.55% higher than the average paid in the market and equivalent to an additional £197m¹ in interest to savers.
- **Positive Member outcomes:** The Society's overall Net Promoter Score² was +73 during a period of exceptional concern for members and disruption to normal operations. The Society continues to report one of the lowest complaint overturn rates by the Financial Ombudsman Service. During the year, the Society supported over 39,000 borrowers with payment holidays.
- **Robust Profit:** Profit before tax of £124m (2019: £147m). Net Interest Margin recovered in the second half of the year following the Bank of England Base Rate reduction in March. Although the mortgage book continues to perform well, the Society increased provisions by £36m to cover potential future credit losses.
- **2020 profits maintained the Society's strong capital position.** Common Equity Tier 1 (CET 1) ratio remains well above statutory requirements at 33.0% whilst the Society's Leverage Ratio on a UK modified basis increased to 4.6%. The Liquidity Coverage Ratio of 179% is also considerably above the regulatory minimum requirement.
- **Leading cost efficiency:** At 0.49%³ the Society continues to report amongst the lowest cost to mean assets ratio of any UK building society, whilst continuing to invest significantly in its technology infrastructure and digital capability.
- **Outstanding employee engagement:** No employee was furloughed and 75% of office-based colleagues have worked from home since the first lockdown on 23 March 2020. The Society is rated 'Extraordinary' for employee engagement and was recognised for being 2nd in the Sunday Times Best Large Companies to Work For list.
- **Supporting communities:** £0.8m was donated to long-standing partner, The Royal British Legion, with the total donated since the partnership began now almost £19 million. The Society supported more than 200 charities with emergency support that tackled immediate needs and the longer-term consequences of the pandemic.

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For more information or additional comment please contact the press office on **0800 121 6868** or email **media@thecoventry.co.uk**

Coventry Building Society. Principal Office: Economic House, PO Box 9, High Street, Coventry CV1 5QN. www.thecoventry.co.uk

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Commenting on these results, Steve Hughes, Chief Executive Coventry Building Society, said:

“Through the pandemic we continued to grow both mortgages and savings, delivered outstanding service and value to our members and provided strong support for colleagues and the local communities.”

“Despite the market effectively closing down during the first lockdown, mortgage growth was £1.2bn (3.0%) to £43.5bn, as we carefully managed participation through the year. In the early weeks of the pandemic, we arranged over 39,000 mortgage payment holidays for borrowers, with the vast majority now resuming payments. Although our mortgage book continues to perform well, we increased provisions by £36m to protect against potential future credit losses. Our strong relationship with intermediaries, and our ability to support them with a consistently good service, helped underpin our growth in 2020 and we remain cautiously optimistic that, with the right support, the housing market will remain strong in 2021.”

“Saving deposits were up £1.9bn (5.0%) in what are challenging times for many people. Households are holding more of their money in current or linked accounts but we continue to attract and retain savers by delivering outstanding service and long-term value. In 2020, we paid an additional £197m interest to our savers by offering higher than market rates¹. We believe this is what our members expect of a mutual building society, as well as providing a safe and secure home for their savings.”

“We achieve this, in part, by remaining one of the most cost-efficient building societies in the UK, with a cost to mean asset ratio of 0.49%³ despite continuing to invest in key technology and digital infrastructure and our branch network. Managing our cost base effectively will continue to be a key strategic focus. Our financial performance was robust and profits of £124m were underpinned by a strong second half of the year, which maintained our strong capital position with a Common Equity Tier 1 ratio well above statutory requirements at 33.0% and increasing our Leverage ratio to 4.6%.”

“Whilst our financial performance has been resilient, the real story of 2020 has been the way we have adapted, stayed open for business and kept people safe. My colleagues have worked incredibly hard to maintain services and protect members, customers and each other. Customer satisfaction has been fantastic as a result, and engagement with colleagues is equally strong. We also adapted our support for communities and helped over 200 charities and community groups tackle the immediate impact of the pandemic as well as the underlying issues.

I said at the start that I am very proud of the organisation I joined in April. We have started to look to the future as we emerge from this terrible pandemic and have a refreshed social purpose, clearly articulated values and a reinvigorated strategic ambition. I look forward to delivering on this with my colleagues and sharing progress in the months ahead.

Ends

1. The Society's average month end savings rate compared with the Bank of England average rate for household interest-bearing deposits on the Society's mix of products.

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.

3. Administrative expenses, depreciation and amortisation/Average total assets.

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