SUMMARY FINANCIAL STATEMENT 2009

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The directors have pleasure in presenting the Summary Financial Statement of Coventry Building Society for the year ended 31 December 2009.

PRESCRIBED STATEMENT

The Summary Financial Statement is a summary of information in the audited Annual Accounts, Directors' Report and Annual Business Statement, all of which will be available to members and depositors free of charge on demand at every office of Coventry Building Society from 15 April 2010. The auditors' report in relation to the full financial statements was not qualified in any respect.

Approved by the board of directors on 1 March 2010.

David Harding Chairman David Stewart Chief Executive Rob Green Finance Director

SUMMARY DIRECTORS' REPORT

Coventry has performed extremely strongly in what has undoubtedly been a very difficult environment.

HIGHLIGHTS OF OUR PERFORMANCE IN 2009 INCLUDE:

- Record operating profit before impairments and exceptional items of £75.0 million (2008 - £71.7 million).
- Profit before tax of £56.2 million (2008 - £26.4 million).
- Gross mortgage advances exceeded £2.7 billion, equivalent to 15% of all building society lending (source - BSA).
- Net mortgage lending of £919 million, representing 8% of net lending in the UK market (source - CML).
- Mortgage balances 2.5% or more in arrears, around one third of industry average (source - FSA).
- Retail savings balances grew by £833 million in 2009 and have increased by £5 billion in the last three years.
- Completed landmark £350 million 10 year unsecured loan note issuance to wholesale investors in October 2009.
- Cost to mean assets ratio reduced to 0.38%, the lowest level reported by a UK building society.
- Over 270,000 new accounts opened in 2009.
- Over 95% of our variable rate savings balances have seen an increase in interest rate relative to Bank of England base rate since 2008, delivering annualised interest benefits to members of £70 million based on balances held at 1 January 2009.
- Coventry had too few complaints to feature in the Financial Ombudsman Service referral tables published in September 2009 and in February 2010.
- £3.4 million donated to the Poppy Appeal since October 2008.

BUSINESS REVIEW

The Society performed strongly in 2009, achieving excellent results in difficult economic conditions. This success was based on the fundamentals of secure funding, the ability to attract and retain retail savings, continued operational efficiency and strong asset quality. This underlying strength enabled the Society to continue lending and in doing so achieve record mortgage market share.

EXTERNAL ENVIRONMENT

The financial crisis and resulting worldwide economic recession continued to define the market environment in 2009, damaging confidence and creating pressure for all financial organisations.

At the start of the year, the UK housing market faced particular pressures. A shortage of mortgage availability, with many lenders unable to fund their usual level of new loans, combined with the impact of the recession to bring about falling house prices and sales.

The Government intervened on an unprecedented scale and the sums of public money deployed to support the financial system resulted in a level of national debt that is likely to be a key influencer of economic policy for many years to come.

The Bank of England base rate was reduced to its current historic low of 0.5% in March 2009. This was followed by a programme of 'Quantitative Easing' that has now reached £200 billion as the Bank attempted to improve liquidity across the market.

Collectively these measures helped prevent a collapse of the housing market. Prices rose in the second half of the year and fewer homes were repossessed than initially feared. Nevertheless, the board believes that the outlook for the economy in general and house prices in particular remains uncertain.

IMPACT ON COVENTRY BUILDING SOCIETY

Despite the difficult market, the Society performed very strongly, based on the consistent application of a simple, traditional building society model of attracting and retaining new savings balances to support responsible lending.

The Society's strength is its ability to maintain this traditional approach without recourse to new or increased levels of risk. This has meant that the Society has avoided the pitfalls experienced by some competitors which have restricted their ability to lend.

MORTGAGES

The Society has remained active in the mortgage market throughout the financial crisis. In sharp contrast to many competitors, in 2009 mortgage assets grew by £919 million, representing 8% of all net lending in the UK. Gross mortgage advances exceeded £2.7 billion, equivalent to 15% of all building society lending.

As in previous years, lending was concentrated in low risk segments. The average loan to value of new advances was only 51%.

The quality of the Society's mortgage lending can also be seen in the level of arrears that continue to be much lower than experienced across the industry.

At 31 December 2009, only 0.80% of mortgage balances were 2.5% or more in arrears, very substantially lower than industry norms. At the time of the latest available data (30 September 2009), Coventry's arrears were just under one third of the average of all lenders according to figures published by the Financial Services Authority. In terms of numbers of accounts just 0.55% were more than six months in arrears at the year end, only 39% of the Council of Mortgage Lenders' (CML) average of 1.40%.

The Society's strong arrears performance is reflected in the relatively low amount required to cover non-payment of loans. As in 2008, impairment charges are certain to be amongst the lowest of any large UK mortgage lender meaning that the Society's strong profitability was not eroded by credit losses.

Finally, it is worth highlighting again that the Society has never purchased a mortgage book or undertaken second charge or commercial lending.

FUNDING

The Society continues to fund its mortgage lending with retail savings deposits and has demonstrated its ability to compete very successfully in an intensely competitive savings market.

The importance of understanding and quickly addressing the needs of current and future members is central to this success. The Society has shown that by continuing to develop and deliver its comprehensive portfolio of savings products it is able to fund further mortgage growth.

The launch of new products has been supported by strong retention rates for maturing products and overall retail balances increased by £833 million in 2009 and have grown by £5 billion (61%) in the last three years.

Since 2008 the action taken on variable rate savings accounts meant that over 95% of balances have seen an increase in their rate relative to the Bank of England base rate. The annualised benefit of this action is an additional £70 million of interest paid to members based upon the balances held at 1 January 2009.

The growth in savings and mortgages also attracted over 100,000 new members to the Society taking the total number of members to more than 1.2 million.

Throughout the credit crisis, the Society has maintained strong credit ratings with both Fitch (A) and Moody's (A3). As a result, the Society continued to attract significant deposits from institutional investors despite the restrictions in the wholesale market.

The Society's ability to attract long term deposits is worthy of particular note. In October 2009, it was able to complete a £350 million 10 year unsecured note issuance, in a deal that was heavily oversubscribed. Coventry remains one of only two building societies to have been able to attract such long term funds from institutional investors since the onset of the credit crunch in 2007.

FINANCIAL PERFORMANCE

The Society achieved excellent results in 2009, remaining strongly profitable and continuing to grow.

The Society's success in the savings and mortgage markets was consolidated by continued improvements to its sector leading cost efficiency.

The Society maintained the lowest management expense to mean assets ratio reported by any UK building society. Operating costs fell as a percentage of average assets from 0.40% to 0.38%.

The result was record profit before impairments and exceptional items of £75.0 million. Profit before tax increased substantially from £26.4 million to £56.2 million. After provision for tax of £12.7 million, profit for the financial year was £43.5 million (2008 - £18.8 million).

AWARDS

The directors are pleased to report that the Society won many awards in 2009, with particular recognition going to Joanne Taylor, a customer service centre advisor, and Diane Kennedy, national account manager for Coventry Intermediaries, who were independently assessed as being the best in their respective fields.

The Society won a number of mortgage awards, reflecting the outstanding lending performance in 2009. Mortgage Strategy magazine awarded the Society 'Mortgage Strategist of the Year' and the Which? Mortgage Customer Satisfaction Survey rated the Society as the best high street lender. The Mortgage Finance Gazette named Coventry the largest organisation that has done the most to treat customers fairly.

The directors were also pleased that the Society won a number of awards for savings products, including being highly rated in the equivalent Which? Customer Satisfaction Survey for savings and 'Best Over 50s Account Provider' by Moneyfacts.

The Society was awarded 'Best Medium to Large Call Centre in Europe' in the 2009 European Call Centre Awards. The customer service centre was also presented with an award for innovation in back office operations, reflecting the work on flexibility, planning and efficiency that underpinned the performance of the Society in 2009.

The Society was recognised in the Coventry and Warwickshire Employer of Choice awards and was re-awarded its Investors in People accreditation at a level which placed the Society in the top 100 organisations nationally.

In 2009, the Financial Ombudsman Service published details for the first time of the complaints that had been referred to it, after failing to be resolved by individual financial organisations. This was repeated in February 2010. A minimum of 30 complaints had to be referred within a six month period for an organisation to be included. The Society was the largest mortgage lender not to feature in the tables, and, although not an award, the directors believe this is tangible and independent recognition that the Society aims to deliver a service that meets the expectations of its membership.

STAFF

The directors recognise the contribution made by every member of staff in meeting the expectations of the Society's membership. During the economic downturn the need for staff to reassure members as well as deal with their financial requirements has been an additional priority.

In such uncertain times, when many organisations have been forced to make cutbacks with a corresponding loss of jobs, the directors are particularly pleased that Coventry continues to grow, providing opportunities for new and existing staff alike.

Members of staff are under no illusion that the economic conditions affecting many members are harsh and that the Society must work hard to prosper. Their flexibility and willingness to take on additional responsibilities is a fundamental strength of the Society and one that has been encouraged through training and development opportunities over a number of years. This has supported improvements in efficiency and cost-effectiveness which has helped protect jobs in the current downturn.

COMMUNITY

In a difficult time the directors believe it is particularly important to support the communities it serves.

The relationship with The Royal British Legion goes from strength-to-strength. Over 54,000 members now hold a 'Poppy' account and in February 2010, a donation of £1.8 million was made to the Poppy Appeal. This brings the total support given to the Poppy Appeal since the launch of the inaugural Poppy Bond in October 2008 to £3.4 million.

The Society continues to support improvements in financial literacy amongst local communities. Members of staff have been active in schools across Coventry and Warwickshire, and this support has been extended to encompass new partnerships with the Citizens Advice Bureau and Coventry Law Centre to support adult debt advice.

The Society has begun a three year programme of support with Age Concern/Help the Aged, building on the success of previous campaigns with RNIB and Macmillan Cancer Support. Members of staff have gained a greater understanding of the problems faced by elderly people and the support provided by the charity to help those in need. In the eight months since the partnership began in April 2009, a total of £50,000 has been raised. The total amount raised for the previous corporate charity, Macmillan Cancer Support, was £77,484.

The Coventry Building Society Charitable Foundation continues to support many local groups and smaller charities. The Foundation, which has donated over £650,000 in its 11 years, fulfils a vital role to many locally based groups which can provide life-changing support in their areas of operation. In addition the Society's partnership with a local hospital, Rugby St Cross, resulted in a record donation in October 2009 of over £30,000.

Coventry Building Society is an important source of support for communities and is often able to provide expertise or resources to support local activities. Branches and head office sites have formed community partnerships with local charities or schools and staff gain a great deal through the support they provide in terms of personal satisfaction, motivation and understanding of local communities.

ENVIRONMENT

The board has set two environmental goals: firstly, to reduce the use of energy, water and materials; and secondly to reduce the amount of waste by working more efficiently and recycling or re-using more materials.

All paper used in Coventry Building Society, including all branch sites and the head office printing and production unit, is recycled via a secure facility. Furthermore, over 95% of all literature produced by the Society uses recycled paper.

In 2010 monitoring and reporting of energy use will be enhanced through the Society's inclusion in the Government-led Carbon Reduction Commitment Energy Efficiency Scheme. The Society's work in reducing the use of materials has also been extended to the Society's water usage and an independent audit conducted during 2009 will not only inform target reductions in 2010, but be used to support members of staff in reducing their domestic consumption.

CONCLUSION

There can be little doubt that market conditions will remain challenging throughout 2010. The impact of very low interest rates, a restricted financial market and further regulatory changes, including those affecting capital and liquidity, will put pressure on profitability. There is also the possibility that the recent revival in the housing market and wider economy could reverse.

However, the Society is well-placed to succeed. It continues to earn an adequate return from its assets, it is well funded and it is not exposed to the scale of impairment losses faced by some competitors. And although there has undoubtedly been a significant increase in the cost of acquiring and retaining retail funding, this is reflected in the market price for new prime mortgage lending.

From the start of the credit crunch, it was the board's belief that the Society had the right business model for these difficult conditions. Subsequent events have shown this to be the case and the board continues to believe that Coventry remains well placed to report further progress in 2010 and beyond.

David Harding
Chairman

SUMMARY
FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

RESULTS FOR THE YEAR	Group 2009 £m	Society 2009 £m	Group 2008 £m	Society 2008 £m
Net interest income	**125.0**	**112.8**	116.2	110.2
Other income and charges	**17.0**	**16.5**	18.4	17.8
Net gains from derivative financial instruments	**1.3**	**1.3**	1.8	1.8
Total income	**143.3**	**130.6**	136.4	129.8
Administrative expenses	**(68.3)**	**(66.5)**	(64.7)	(63.1)
Operating profit before impairments and exceptional items	**75.0**	**64.1**	71.7	66.7
Impairment on loans and advances to customers	**(19.9)**	**(14.3)**	(8.4)	(6.3)
Release of provisions	**2.9**	**2.9**	-	-
Operating profit before exceptional items	**58.0**	**52.7**	63.3	60.4
Provision for FSCS levies	**(2.0)**	**(2.0)**	(11.4)	(11.4)
Release/(charge) of provision for impairment of debt securities	**1.5**	**1.5**	(23.9)	(23.9)
Profit after impairments and exceptional items	**57.5**	**52.2**	28.0	25.1
Charitable donation to Poppy Appeal	**(1.3)**	**(1.3)**	(1.6)	(1.6)
Profit on ordinary activities before tax	**56.2**	**50.9**	26.4	23.5
Tax on profit on ordinary activities	**(12.7)**	**(11.7)**	(7.6)	(6.8)
Profit for the financial year	**43.5**	**39.2**	18.8	16.7

STATEMENTS OF OTHER COMPREHENSIVE INCOME	Group 2009 £m	Society 2009 £m	Group 2008 £m	Society 2008 £m
Profit for the financial year	**43.5**	**39.2**	18.8	16.7
Actuarial loss on defined benefit pension plan	**(3.3)**	**(3.3)**	(4.3)	(4.3)
Tax on actuarial loss on defined benefit pension plan	**0.9**	**0.9**	1.2	1.2
Fair value movements taken to reserves	**(11.1)**	**(11.1)**	(27.8)	(27.8)
Tax on fair value movements taken to reserves	**3.1**	**3.1**	7.9	7.9
Other comprehensive income for the year	**(10.4)**	**(10.4)**	(23.0)	(23.0)
Total comprehensive income for the year	**33.1**	**28.8**	(4.2)	(6.3)

FINANCIAL POSITION AT THE END OF THE YEAR	Group 2009 £m	Society 2009 £m	Group 2008 £m	Society 2008 £m
Assets				
Liquid assets	**4,165.4**	**4,163.2**	3,873.2	3,871.3
Derivative financial instruments	**29.3**	**29.3**	160.6	160.6
Loans and advances to customers	**14,074.7**	**11,397.2**	13,172.8	11,202.9
Hedge accounting adjustment	**76.1**	**76.1**	96.4	96.4
Fixed and other assets	**56.5**	**5,371.6**	61.4	4,831.5
Total assets	**18,402.0**	**21,037.4**	17,364.4	20,162.7
Liabilities				
Shares	**13,218.8**	**13,218.8**	12,386.1	12,386.1
Borrowings	**4,214.3**	**4,214.3**	4,052.5	4,052.5
Derivative financial instruments	**108.9**	**108.9**	93.9	93.9
Other liabilities	**43.9**	**2,685.8**	49.0	2,849.5
Subordinated liabilities	**70.7**	**70.7**	70.7	70.7
Subscribed capital	**161.2**	**161.2**	161.1	161.1
Total liabilities	**17,817.8**	**20,459.7**	16,813.3	19,613.8
Equity				
Reserves	**584.2**	**577.7**	551.1	548.9
Total liabilities and equity	**18,402.0**	**21,037.4**	17,364.4	20,162.7

SUMMARY OF KEY FINANCIAL RATIOS	Group 2009 %	Group 2008 %
Core tier 1 capital ratio	**27.9**	26.8
Gross capital as a percentage of shares and borrowings	**4.68**	4.76
Liquid assets as a percentage of shares and borrowings	**23.89**	23.56
Profit for the year as a percentage of average assets	**0.24**	0.12
Management expenses as a percentage of average assets	**0.38**	0.40

The percentages have been calculated from the Group Income Statement and Balance Sheet. Gross capital represents total reserves, subordinated liabilities and subscribed capital. Shares and borrowings represent the total of shares, amounts owed to credit institutions, amounts owed to other customers and debt securities in issue. Average assets are the average of the 2009 and 2008 assets.

Core tier 1 capital ratio

The core tier 1 capital ratio measures the Group's core tier 1 capital, which comprises the general reserves adjusted for the defined benefit pension scheme surplus, intangible assets and 50% of the excess of expected losses on loans and advances to customers, calculated on an Internal Ratings Based (IRB) approach, over accounting provisions, as a percentage of its risk-weighted assets. The Group calculates its capital requirement under Basel II using the IRB approach for prime residential and buy-to-let mortgage exposures, and the standardised approach in calculating the capital requirements for other risk areas.

Gross capital as a percentage of shares and borrowings

The gross capital ratio measures the Group's capital as a percentage of liabilities to investors. The Group's capital consists of profits accumulated since its establishment in the form of reserves together with subordinated liabilities and subscribed capital which cannot be repaid in priority to ordinary investors. Capital provides a financial cushion against unforeseen eventualities that might arise in the Group's business and ensures that investors are properly protected.

Liquid assets as a percentage of shares and borrowings

The liquid assets ratio measures the Group's assets held in the form of cash, short-term deposits and debt securities as a percentage of the Group's liabilities to investors. Most of the Group's assets are long-term mortgages, while many of its liabilities to investors are repayable on demand. Liquid assets are required to ensure that the Group can effectively manage this situation. They are generally readily realisable, enabling the Group to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.

Profit for the year as a percentage of average assets

The profit/average assets ratio measures the Group's profit after taxation for the year as a percentage of the average of the Group's total assets during the year. The Group needs to make an appropriate level of profit each year in order to maintain its capital ratios at an appropriate level to protect investors and to satisfy regulatory requirements.

Management expenses as a percentage of average assets

The management expenses ratio measures the Group's administrative expenses, amortisation and depreciation as a percentage of the average of the Group's total assets during the year. Administrative expenses consist mainly of the costs of employing staff, running systems and other office expenses. They need to be controlled so that the Group operates as efficiently as possible, whilst providing the service that members require.

SUMMARY DIRECTORS' REMUNERATION REPORT

You will find a summary of the report below. A full copy of the report is contained in the Annual Report and Accounts. This report informs members of the Society of its policy on the remuneration of executive and non-executive directors.

POLICY FOR EXECUTIVE DIRECTORS

Executive directors are employed by the Society and are required to devote substantially the whole of their time to its affairs. The policy of the board is to recruit and retain high calibre executive directors and to ensure that their remuneration packages (consisting of basic salary, performance related bonuses, pension arrangements and other benefits) reflect their responsibilities, performance and experience. The level of remuneration for the executive directors is set by the Remuneration Committee. The Committee consists of the non-executive directors only and is chaired by Bridget Blow, the Society's Deputy Chairman and Senior Independent Director.

The principal elements of the executive directors' remuneration packages are as follows:

a) Basic salary

The Society's reward strategy for executive directors aims to pay competitive market salaries and to recognise individual development and progression through the annual salary and personal review processes.

Salaries are reviewed annually, taking into account comparative data from other building societies. The latest review of remuneration policy found that base salaries for the executive directors remain below median levels relative to other societies of a comparable size.

b) Annual performance related bonus

All eligible Coventry Building Society staff participate in an annual performance related bonus scheme. Eligibility is dependent upon satisfactory individual performance. The executive directors participated in this scheme in 2009.

The performance of the Society during 2009 gave rise to a calculated bonus for all 1,350 eligible members of staff equivalent to 8% of basic salary. The bonus percentage payable to each of the executive directors of 8% of basic salary was identical to that of all other eligible staff.

In view of the continuing difficult economic environment and its impact on members, David Stewart elected to waive all bonus payments for 2009.

As with base salaries, bonus payments are also benchmarked on a regular basis. Bonuses earned by executive directors are significantly below median levels relative to the comparison group of building societies.

c) Long Term Incentive Plan

In order to ensure that the remuneration package of executive directors reflects the long term performance of the Society and members' interests, the Remuneration Committee operates a Long Term Incentive Plan (LTIP) for executive directors.

The primary objective of this plan is to align remuneration with the longer term goals of the Society. The LTIP also helps the Society to recruit and retain executives of the calibre required to promote the interests of members.

Under the LTIP, the executive directors are eligible to receive a performance related payment based on the financial performance of the Society over rolling three year periods. The first period over which performance was measured ended 31 December 2009. A second period ends 31 December 2010.

The plan is designed to make payments in the early part of the year following the end of the three year period providing that consistent and strong performance is achieved against the current three year plan. An on-plan performance over each of the three year periods would provide a 20% of salary cash payment, with a maximum of 40% (which is below the 50% of salary maximum permitted under the Society's Rules) for consistent over-performance over the three year period. Performance measures have been designed to balance the objective of sustained profit growth with the need for the Society to provide competitive lending and savings rates to members.

In addition, to protect the interests of members, the Committee may amend any payment if it considers it appropriate in light of either the Society's overall performance or economic conditions. In assessing this, the Committee will take account of a range of factors such as customer and member satisfaction, the impact of 'one-off' exceptional items, the performance of competitors, and the Society's health and safety record.

Notwithstanding the very strong performance of the Society, in view of the impact of the 'credit crunch' on the Society's members, the Committee determined that no payment was made for the period 2007-2009.

Any payments under the LTIP are subject to approval by the Remuneration Committee and are not pensionable. It is expected that further plans will be put in place giving potential payments in years subsequent to 2011.

d) Pension arrangements
The Chief Executive, the Finance Director and the Chief Operating Officer are active members of the Society's funded defined contribution pension scheme.

The Chief Executive is also a deferred member of the Society's contributory final salary pension scheme which he voluntarily left in July 2006 on being appointed Chief Executive.

The Sales and Marketing Director is a member of the Society's contributory final salary pension scheme.

e) Other benefits
Each executive director is provided with a fully expensed car and membership of a private medical insurance scheme.

POLICY FOR NON-EXECUTIVE DIRECTORS

Non-executive directors are independent of the Society's management and are not required to devote the whole of their time to its affairs.

After considering recommendations from the executive directors, the board (chaired for this purpose by an executive director) determines the remuneration of all non-executive directors. No director takes part in the discussion of his or her own remuneration. Fees of non-executive directors are reviewed annually in light of their responsibilities and comparative information from other building societies. An independent review commissioned by the Society in 2009 found that non-executive directors' fees were below the median level set by the Society's comparison group of building societies. Non-executive directors do not participate in any performance related pay or bonus scheme, pension arrangements or other benefits; nor do they have service contracts.

DIRECTORS' EMOLUMENTS

The following information concerning directors' emoluments has been extracted from the Annual Report and Accounts.

DIRECTORS' EMOLUMENTS	2009 £000	2008 £000
For services as directors	**285**	245
For executive services	**890**	606
Increase in accrued pension	**-**	2
	1,175	853

The emoluments of the Society's directors are listed below.

NON-EXECUTIVE DIRECTORS	2009 £000	2008 £000
David Harding (Chairman)	**75**	68
Bridget Blow (appointed Deputy Chairman 19.05.2009)	**48**	36
Roger Burnell (appointed 01.09.2008)	**38**	11
Ian Geden (appointed 01.09.2008)	**38**	11[1]
Andrew Pearce (former Deputy Chairman, retired 31.12.2008)	**-**	39
Ian Pickering (Chair of the Audit Committee)	**48**	38
Fiona Smith	**38**	33
Roger Wiglesworth (retired 14.04.2008)	**-**	9
	285	245

[1] For 2008 the emoluments for Ian Geden's services as a non-executive director were paid to his employer, NFU Mutual.

No pension contributions were made for non-executive directors.

EXECUTIVE DIRECTORS	Salary £000	Performance bonus £000	Pension contributions £000	Taxable benefits £000	2009 Total £000	2008 Total £000
David Stewart	294	24[2]	76	15	409	383
Colin Franklin (appointed 07.07.2009)	66	11[1]	14	8	99	-
Rob Green	199	17[1]	19	21	256	225
Phil Vaughan (appointed 07.07.2009)	95	15[1]	9	7	126	-
	654	67	118	51	890	608

[1] All eligible Coventry Building Society staff participate in an annual performance related bonus scheme. Eligibility is dependent upon satisfactory individual performance. The executive directors are eligible to receive an annual performance related payment which, in 2009, was calculated by reference to the Society's financial performance. The performance of the Society during 2009 gave rise to a calculated bonus for all 1,350 eligible members of staff equivalent to 8% of basic salary. The bonus percentage payable to each of the executive directors of 8% of basic salary was identical to that of all other eligible staff. The annual performance bonus for Colin Franklin and Phil Vaughan represents the amount payable for the full year.

[2] In view of the continuing difficult economic environment and its impact on members, David Stewart elected to waive all bonus payments for 2009 of £24,000, which were previously awarded and approved by the Remuneration Committee. Total remuneration paid was therefore £385,000 (2008 - £383,000).

DIRECTORS' SERVICE CONTRACTS

In 2006 the Society entered into a service contract with David Stewart. The contract expires at the age of 60, but is terminable by David Stewart on six months' notice and by the Society on one year's notice.

In 2006 the Society also entered into a service contract with Rob Green. This contract expires at the age of 60, but is terminable by Rob Green on six months' notice and by the Society on one year's notice.

In July 2009 the Society appointed Colin Franklin (Sales and Marketing Director) and Phil Vaughan (Chief Operating Officer) to the board. Service contracts were entered into which are terminable by the individual on six months' notice and by the Society on one year's notice.

STATEMENT OF THE AUDITORS TO THE MEMBERS AND DEPOSITORS OF COVENTRY BUILDING SOCIETY

Pursuant to Section 76 of the Building Societies Act 1986, we have examined the Summary Financial Statement of Coventry Building Society comprising pages 2 to 7 and the directors' emoluments disclosures on pages 12 and 13.

This report is made solely to the members and depositors of Coventry Building Society, both as a body, in accordance with Section 76 of the Building Societies Act 1986. Our examination has been undertaken so that we might state to the Society's members and depositors those matters we are required to state in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept responsibility to anyone other than the Society and the Society's members and depositors, both as a body, for our examination, for this statement, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the Summary Financial Statement in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement with the full Annual Accounts, Annual Business Statement and Directors' Report and its conformity with the relevant requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

We also read the other information contained in the summary financial statement 2009 and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 1999/6 'The auditors' statement on the Summary Financial Statements' issued by the Auditing Practices Board for use in the United Kingdom. Our report on the Group's full Annual Accounts describes the basis of our audit opinion on those Annual Accounts.

OPINION

In our opinion the Summary Financial Statement is consistent with the full Annual Accounts, the Annual Business Statement and the Directors' Report of Coventry Building Society for the year ended 31 December 2009 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

Ernst & Young LLP
Registered Auditors
London
1 March 2010

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For further details, call into your local branch, visit us at

www.thecoventry.co.uk

or call our Customer Service Centre on

0845 7665522

Coventry Building Society is the country's third largest building society. The Society has assets of £18.4 billion, capital and reserves of £816 million. Coventry Building Society is authorised and regulated by the Financial Services Authority (FSA reference number 150892).

Coventry Building Society is a full member of the Financial Services Compensation Scheme (FSCS). Your savings are covered by the Scheme up to the current maximum of £50,000 per individual. Further details are available on request from the Society or the FSCS.

Lines open Monday to Friday 8am-8pm, Saturday 9am-5pm, Sunday 10am-4pm. Contact your service provider for details of charges, as call costs may vary. To maintain a quality service, calls made to and from the Society may be monitored and recorded. Information correct at time of going to print (March 2010).

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