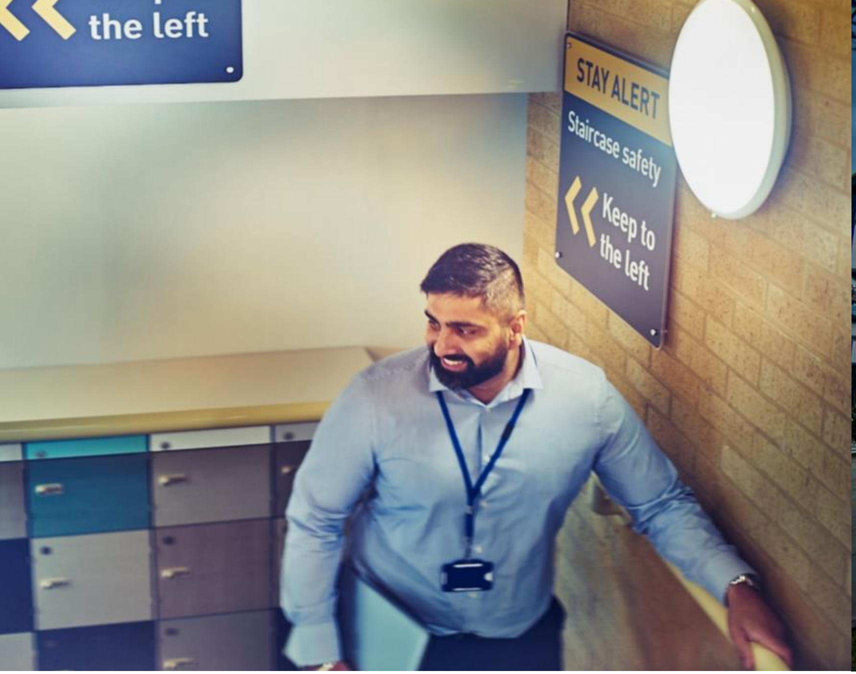


2020 RESULTS PRESENTATION

COVENTRY
Building Society

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SIMPLE, STRAIGHTFORWARD STRATEGY

Simple

- Provides mortgages and savings
- 2nd largest Building Society
- Lower cost business model
- Growing business to optimise economies of scale
- Diversifies funding in the wholesale markets

Purpose Led

- Putting customers at heart of what we do
- Offering long term value to members
- Helping Customers to own residential property
- Listening to members through our Member Forum

Sustainable

- Lower risk mortgage lending
- Long term investment horizon
- One of the highest CET1 ratios of the top 20 lenders
- Trading for 136 years
- Protect and enhance the wider environment

OUR STRATEGIC PRIORITIES

Refreshing our strategy and values, to ensure a sustainable, simple business into the future

A PEOPLE AND PURPOSE LED MUTUAL

- Purpose led approach to business and the environment
- Inclusive, inspiring workplace

OFFERING THE BEST VALUE PRODUCTS AND CUSTOMER SERVICE WE CAN

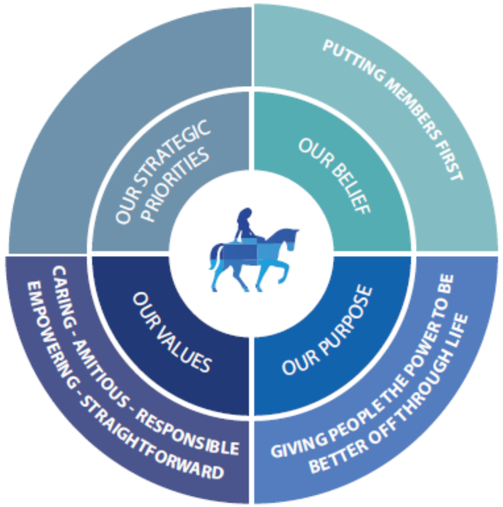
- Helping people to own homes and to save
- Best in class customer service
- Digitising mortgages and savings

DELIVERED IN A RESILIENT AND RESPONSIBLE MANNER

- Protecting our members money
- Improving cost efficiency
- Sustainable capital, liquidity and profitability

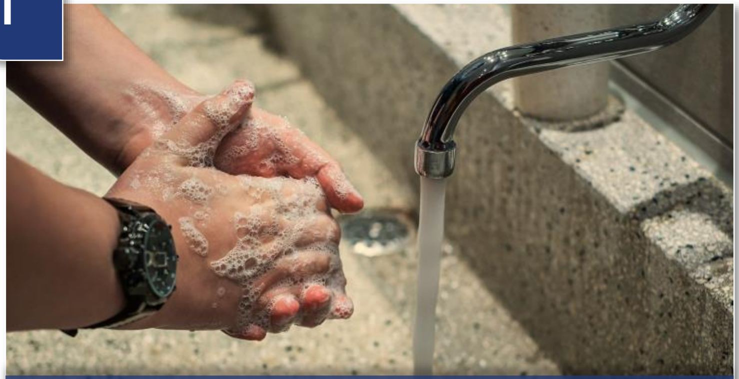
OUR VALUES

Caring, Ambitious, Responsible, Empowering and Straightforward



KEY THEMES

COVENTRY
Building Society

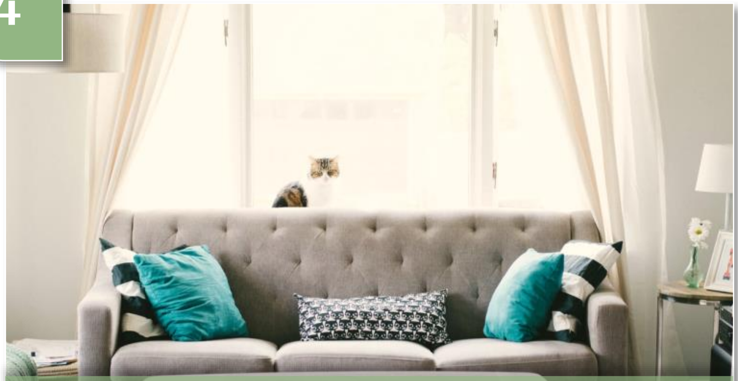
1

Covid-19 Impacts

2

Performance highlights

3

Margin

4

Strong Asset Quality

5

Continued Investment

6

Capital & Funding Strength

COVID-19 RESPONSE

90%

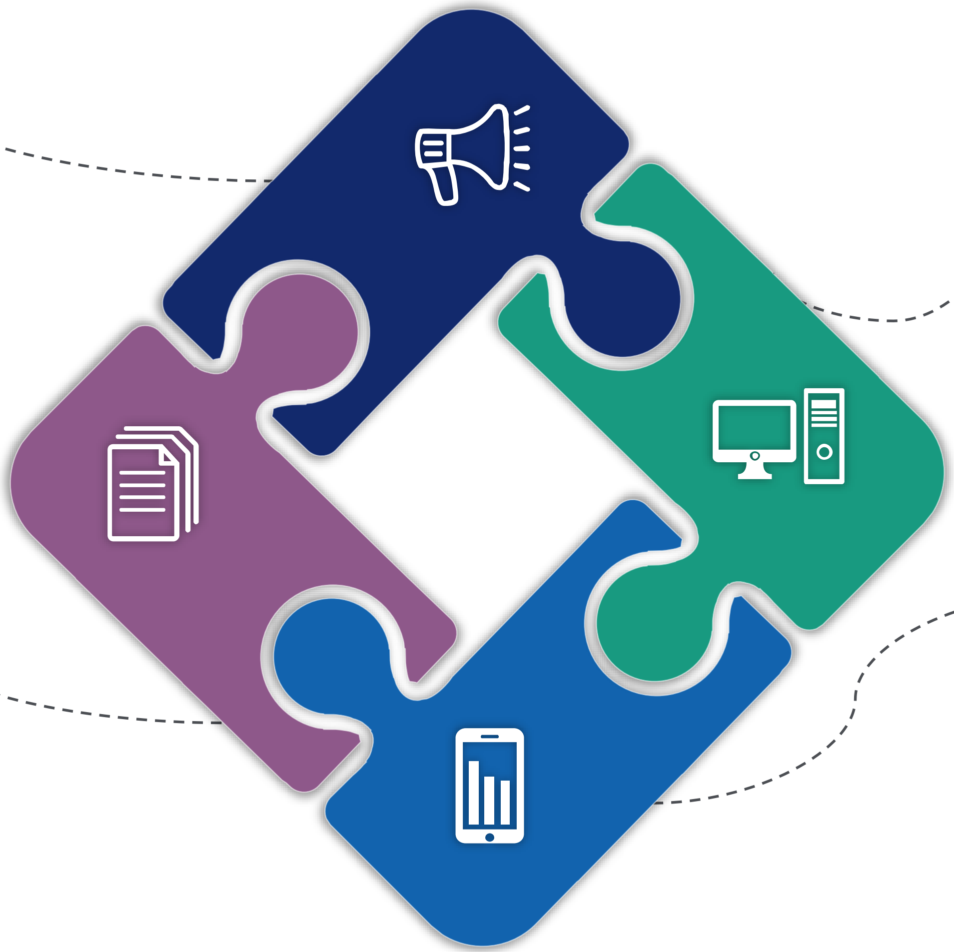
BRANCHES OPEN

Kept over 90% of our branches open throughout the pandemic, and implemented full social distancing measures from the day after the first lockdown was announced.

39,000

PAYMENT HOLIDAY SUPPORT

Supported over 39,000 customers who have experienced mortgage payment difficulties by granting payment holidays.



Over 75%

OFFICE EMPLOYEES ABLE TO WORKING FROM HOME

Implemented flexible working practices and provided further training to employees to enable tailored support to members. Employee engagement remained high during 2020, despite the transition to new working arrangements.

74

SECONDS WAITING TIMES

Average call waiting times during 2020 was just over 1 minute, and around 3 minutes at the peak of the lockdown. Our Net Promoter Score of +73 reflects this and 8 out of 10 customers would recommend the Society to others.

OUR PERFORMANCE

A resilient performance, despite impact of pandemic

MORTGAGES

3%

MORTGAGE GROWTH

- 8th largest lender in the UK, advancing 2.9%[1] of overall lending.
- Mortgage market demand fell sharply in H1 with lockdown restrictions, however made a strong recovery in H2.
- The Society has been opportunistic and broadened our product proposition within appetite having positive impact on margin.
- Mortgage application pipeline strong expecting to complete in H1 2021.

SAVINGS

5.3%

SAVINGS GROWTH

- Online acquisition has grown during the pandemic and we saw an acceleration in growth in H2.
- The biggest holder of funding on Hargreaves Lansdowne with £800m at the end of December 2020.
- The Society rebalanced distribution of member value on our savings book to support the long term health and resilience of the Society.

ASSET QUALITY

0.19%

3MTHS + ARREARS

- Nearly 39,000 customers granted payment holidays, with only 2,565 account active at 31 December 2020.
- 98% of accounts with expired payment holidays have resumed payment.
- Possessions and remained low with 22 cases in possession (2019:34).
- The balance weighted indexed loan to value of the mortgage book at 31 December 2020 decreased to 52.8% (2019:55.4%).

LOW COST

0.49%

COST TO MEAN ASSET RATIO

- Low cost advantage continues to be central to our strategy.
- One of the lowest Manex ratios in the peer group.
- £57m investment in the business increasing 10% year-on-year.
- Management expenses included increased costs incurred in response to the pandemic.

1.UK Finance

OUR PERFORMANCE

A resilient performance, despite impact of pandemic

PROFITABILITY

£124m

PROFIT BEFORE TAX

- Net interest margin rebounded in H2 2020 to broadly similar year on year at 0.81% (2019:0.83%).
- Impairment charges in the year were £36.4m (2019: £2.1), due to the economic impacts of the pandemic.
- The Bank of England base rate fall of 65bps and subsequent re-pricing cost the Society 4bps.

MEMBERSHIP VALUE

0.55%

PREMIUM OVER AVERAGE RATES

- The Society remains committed to provide above average savings rates to members.
- Despite the reductions in savings rates, the Society has continued to pay favourable savings rates of 1.18% (2019:1.49%) compared to the market average of 0.63%[1].
- Provided £197m (2019:£228m) of additional interest to members during 2020.

CAPITAL

33%

CET1 RATIO

- The Society has one of the highest CET1 ratios of the top 20 lenders.
- Our aim is to only retain the profits needed to maintain capital ratios.
- Leverage ratio has increased to 4.6% (2019:4.4%) driven by the increase in capital resources during the year.
- CET1 ratio at 33.0% (2019:32.0%), significantly above the regulatory minimum set at 11.2%.

LIQUIDITY & FUNDING

179%

LIQUIDITY COVERAGE RATIO

- High Quality Liquid Assets have remained high at £6.1 billion, with £5.2 billion in the Bank of England reserve account.
- Increase in funding capabilities with creation of Economic Master Issuer RMBS and Buy to Let covered bond programmes.
- TFSME scheme drawings of £2.3bn as at 31 Dec 2020, replacing TFS. Total drawings of £4.55bn of government funding scheme.

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

NET INTEREST MARGIN

Balancing the needs of the business and our members, up to 81bps from 72 bps at half year

	2019	HY 2020	FY 2020
Total Income	379.6	179.0	407.7
Management Expenses	-229.1	-117.2	-245.6
Impairment	-2.1	-39.4	-36.4
Provision	-	-0.5	-0.5
Charitable donation to Poppy Appeal	-1.2	-0.4	-0.8
Profit Before Tax	147.2	21.5	124.4

Bank of England rate cut

During march in 2020 the BoE cut rates twice by a total of 65bps

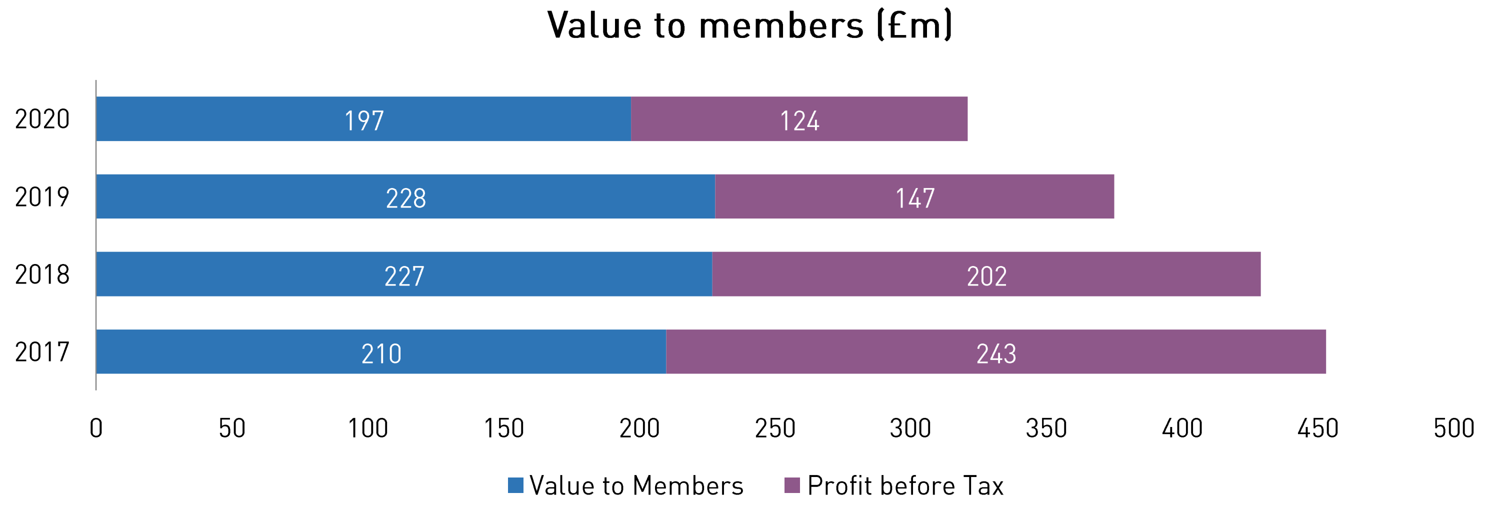
Rebalance of savings rates

The Society took the difficult decision to cut savings rates

Mortgage margins in H2

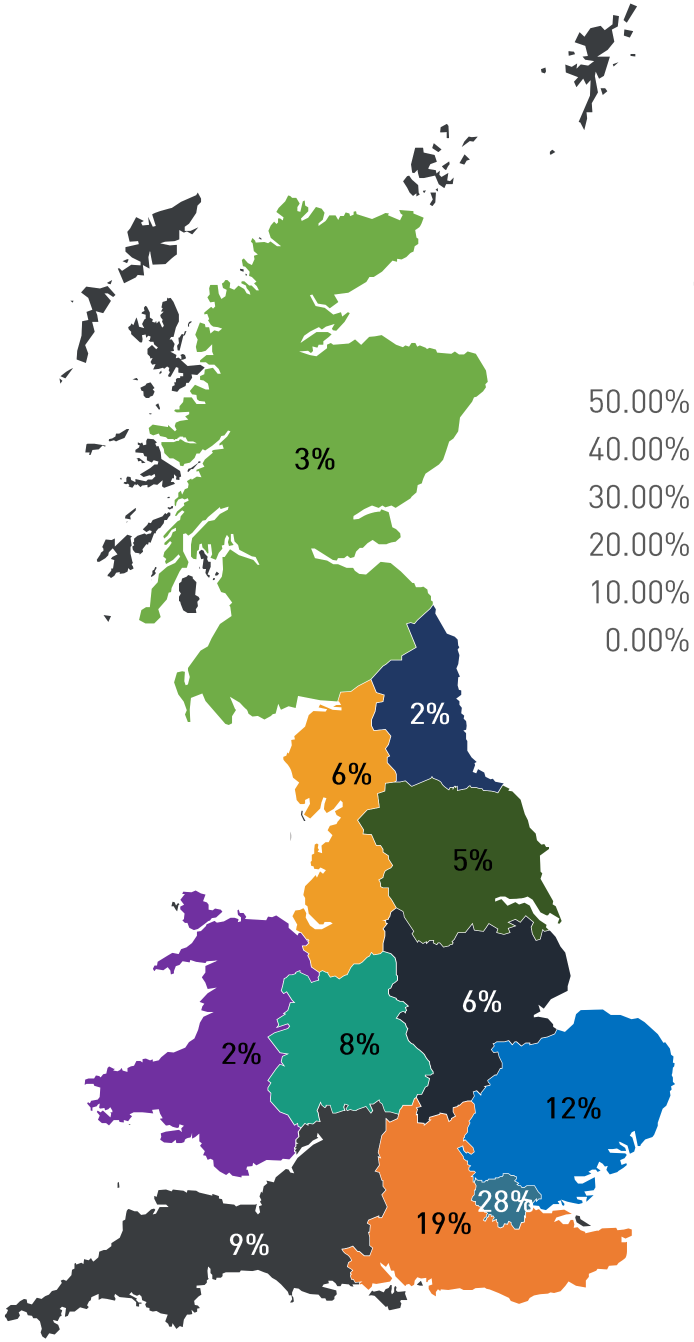
The strong demand for products meant the Society could take advantage of higher margin offerings

Maintaining capital ratios by balancing member interests and long term business needs of the Society

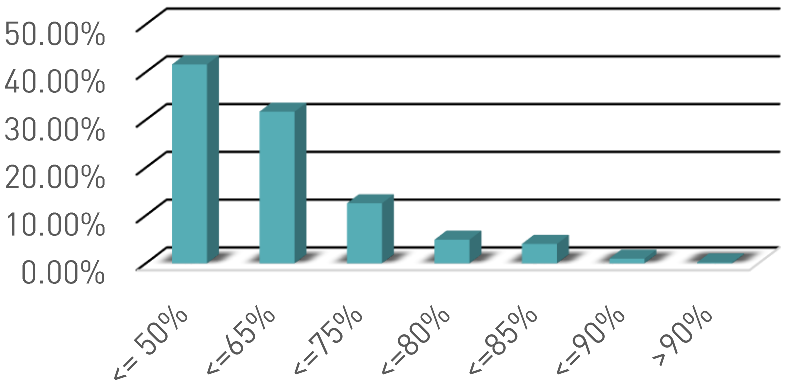


MORTGAGE PORTFOLIO

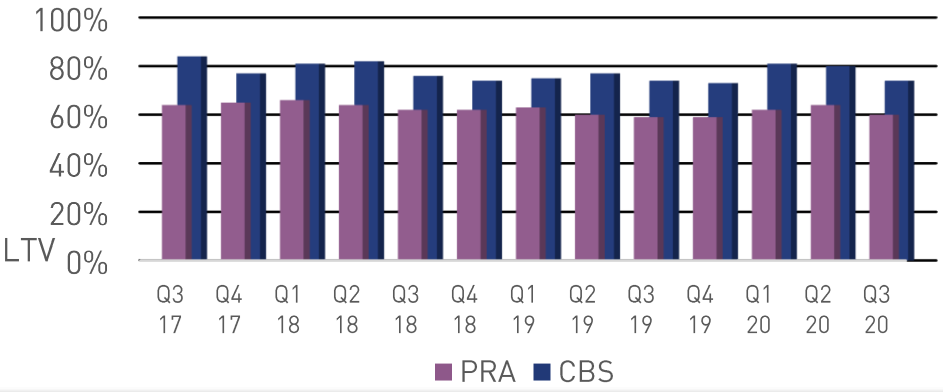
Low Risk Profile



Total Book LTV (Balance)



Gross Lending < 75% LTV



52.8%

BALANCE WEIGHTED AVERAGE LTV

- Focused low LTV lending in Owner Occupied and Buy to Let Lending.
- Buy to Let lending is 40.8% of total book size.
- Over 99% of the overall accounts has an indexed LTV of 85% or less as at 31 December 2020.

63.7%

NEW BUSINESS BALANCE WEIGHTED AVERAGE LTV IN 2020

- The Society maintains a great relationship with broker network through efficient operations, service pledges and absence of competing ‘direct’ product range. Over 90% originated through intermediaries
- We selectively offered 90% LTV products, to support customer needs.

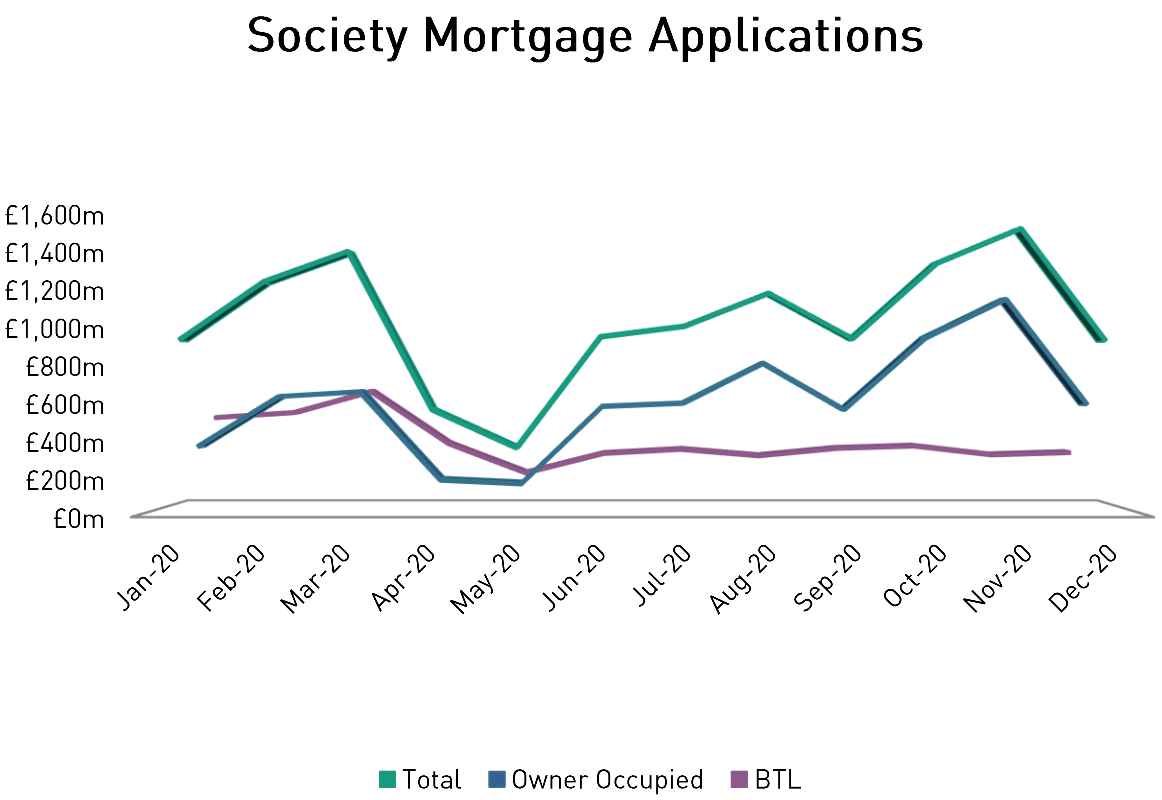
LENDING IN 2020

Covid-19 Impact with strong recovery

Turbulent year due to lockdown restrictions, however strong demand in second half of the year leads to strong pipeline.

The Society sees real value in broadening its offerings to compliment its low risk core product focus.

The noticeable difference in the lending process during 2020 has been the extension of the pipeline and delay in completions.



- Applications for home movers were less than 20% of market flows in first lockdown. 60% for remortgage.
- Applications rebounded in June, with both Residential and Buy to Let mortgage applications in the purchase market reaching over 120% of normal levels.
- Average Mortgage application margins have increase up to 50bps from March 2020.

LENDING POLICY UPDATES

Policy to accommodate Covid-19 operational issues and risks

In 2020 we made a number of lending policy changes that ensured we continued to support customers whilst protecting the long term security and objectives of the society.

Changes were focused on restricting product availability at higher LTV, increasing the use of manual underwriting and implementing tighter affordability controls for higher risk applications.

Maintained a low risk policy position but released targeted tranches of higher LTV lending where there was an opportunity to do so without compromising our risk appetite or service levels.

Flexibility in policy allowed the Society to manage volume and still provide good service levels.

We monitored our relative position in the market, maintained a low risk policy position.

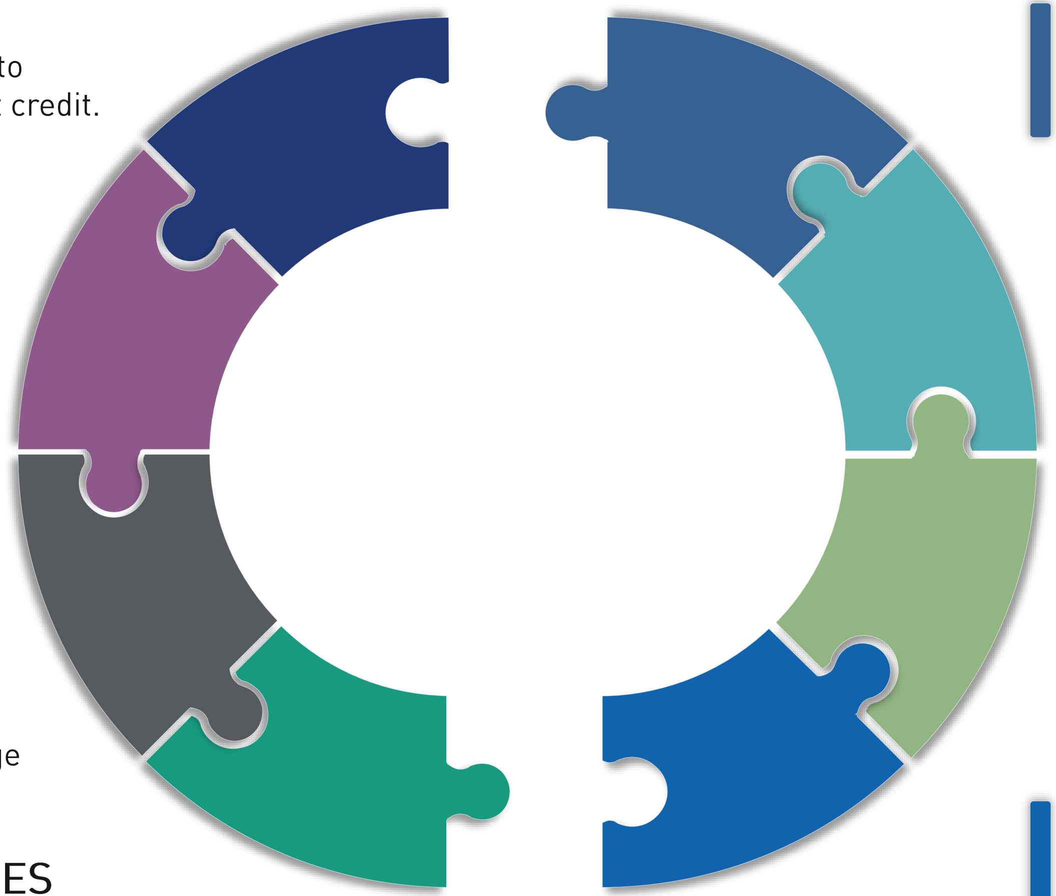
Remote valuations have been temporarily broadened but valuers still provide assurance that property meets our policy requirements.

During 2020 we implemented the following policy changes to manage lending risk:

- OO lending restricted to <= 90% LTV (through product availability).
- OO Capital Raising restricted to 75% LTV for debt consolidation (65% for Self Employed for all Capital Raising).
- Self-employed manual underwriting with tightened scorecard cut-off.
- 50% of overtime, shift allowance or commission used in affordability.
- Bonuses no longer acceptable sources of income for affordability.
- Furloughed applicants were limited to 65% LTV but are now declined for new business.
- Restrictions on acceptable zero-hours contracts.
- For Portfolio Landlords the stress rate used to calculate the portfolio ICR has been reduced to 5.0% from 5.5% but the minimum portfolio ICR for Higher & Additional Rate Tax payers has been increased from 125% to 145%.

LENDING CRITERIA

Owner Occupier and Buy to Let stringent criteria and lending processes contributes to resilience



OWNER OCCUPIER

MARKET FOCUS

Focus on mass market lending to prime borrowers, with excellent credit.

Maximum age at maturity of 75.

No self-certified lending.

VALUATION

Combination of remote physical valuations however, for remote valuations a number of conditions need to be met for it to be used for a property.

INCOME

Prudent basis of including income in affordability vs the market.

100% of furloughed income accepted but lending restricted to 65% LTV.

Lending at higher income multiples is significantly lower than the industry average and 60% of lending is at <= 85% of the maximum affordable loan amount.

STRESS RATES

Affordability assessed using an interest rates stressed to 6.99%

BUY TO LET

PROPERTY

Properties must be readily saleable into the owner occupier market.

50% maximum LTV on new build flats.

The Society does not lend on Studio and High Rise Flats (above ten storeys).

VALUATION

100% subject to physical valuations - during lockdown BTL valuations have been conducted remotely but LTV for new purchase using remote valuations was capped at 50% with additional caps on loan size.

PORTFOLIO SIZE

Maximum of 5 properties with the Coventry and an aggregate loan limit of £2,000,000.

INTEREST COVERAGE

Minimum rental coverage of 125% for basic tax payers and 145% for higher rate tax payers.

No top slicing on affordability calculations.

ARREARS PERFORMANCE

Payment holidays and government initiatives have maintained low level of arrears and possession

The Society granted 39,000 payment holidays to customers during 2020, with only 2,565 accounts with active payment holidays at 31 December 2020.

Both Payment Holiday applications and the moratorium on possession has delayed any further action on borrowers until the deadline of 31 March 2021.

There is still a level of uncertainty as government initiatives end and vulnerabilities may materialise, however the Society is moving from extremely low levels of arrears.

- Arrears are slightly higher at the end of 2020, up from historically very low levels.
- Possessions are lower due to moratoriums in place, expect to this to increase in 2021.
- Signs of stress through payment holidays have subsided, with economic outlook uncertain.

Accounts in arrears [1]	Society 2020 %	UK Finance 2020[1] %	Society 2019 %	UK Finance 2019 %
Greater than three months	0.19	0.84	0.16	0.72
Greater than six months	0.10	0.56	0.06	0.43
Greater than one year	0.03	0.31	0.01	0.22
In possession	0.01	0.01	0.01	0.02

	Gross balance 2020 £m	Arrears balance 2020 £m	Gross balance 31 Dec 2019 £m	Arrears balance 31 Dec 2019 £m
Greater than three months	69.3	2.7	54.0	1.7
Greater than six months	38.7	2.1	22.3	1.0
Greater than one year	12.5	1.1	5.1	0.4
In possession	3.1	0.2	4.6	0.2
Total	123.6	6.1	86.0	3.3

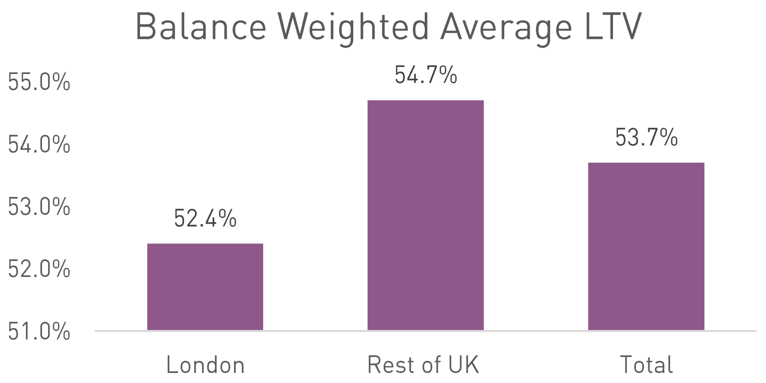
At 31 Dec 2020, only 22 properties were in possession, out of a total of c.292k mortgages; 1 is a legacy product, 2 standard owner occupier and 19 Buy to Let. there have been 66 accounts which have been prevented from moving into possession proceedings which may have otherwise have done so during the year if not for the possession moratorium.

There were no cases where the arrears were capitalised in 2020.

1. Greater than 3 months in arrears % include possessions

BUY TO LET FOCUS

Buy to Let has outperformed the Owner Occupied mortgages



London experience

- Almost 45% of all BTL balances are in London compared to 28% of overall book.
- Up to 75% LTV loan size is capped at £750k and above 75% is capped at £350k.
- Coventry does not lend on mandatory licensed HMO properties.
- Severe stress testing carried out on our London BTL book, showed strong resilience.
- Lower arrears than the rest of the country with only 5bps >3 months in arrears (9bps national average).

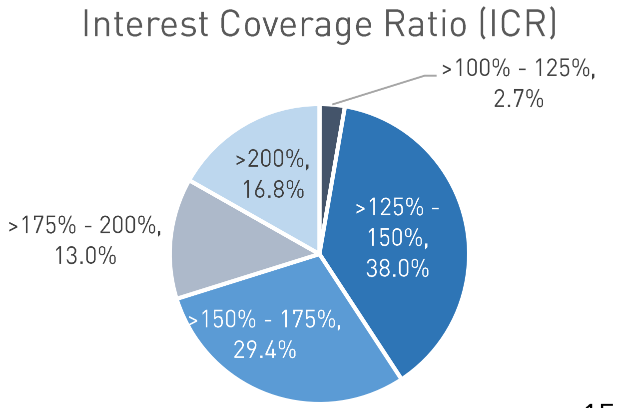
Only 8 losses on over £28 billion of lending since 2010, with total losses of £108,000.

Focused criteria on the property and making sure that its saleable in the owner occupier market.

Buy to Let is focused on the London market with almost 45% of balances in the capital.

Buy to let

- Covid-19 payment holidays lower in Buy to Let than Owner Occupied.
- BTL lending more resilient than owner occupied lending during Global Financial Crisis: peak >3 months of 0.73% vs. 1.34% for OO
- 8 losses on £28bn of BTL lending originated since 2010 with total losses of £108k
- Approximately 63% BTL lending is on houses, with 37% on flats.
- BTL demographic is older than OO
- 19 properties in possession from a book of c.120,000 mortgages in 2020
- Balance weighted average LTV of 53.7%
- 0.13% loans >3 months in arrears (inc. possessions)
- Only 3.8% of borrowers have more than two BTL loans with the Society (max. 5 properties).



EXPECTED CREDIT LOSSES

Asset quality remains strong, but economic uncertainty remains

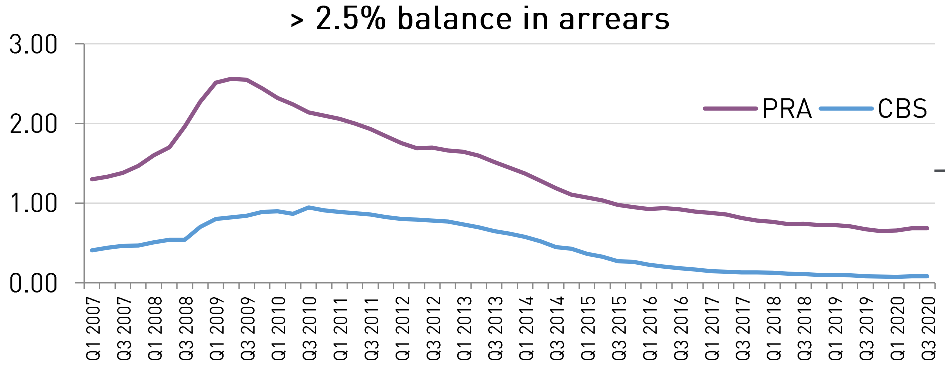
Payment Holidays Reduced from H1

31 December 2020	No. of active payment holidays[1]	% of total mortgage accounts	Gross balance £m	% of gross mortgage balance	Balance weighted average LTV %
Residential					
Owner-occupier mortgages	1,779	1.0	317.3	1.2	57.7
Buy to let mortgages	717	0.6	133.5	0.8	57.7
Near-prime mortgages	23	3.5	3.3	6.1	54.0
Self-certification mortgages	38	2.3	6.0	4.4	53.9
Other					
Commercial mortgages	-	-	-	-	-
Unsecured	8	0.4	0.1	0.6	-
Total	2,565	0.9	460.2	1.1	57.6

Payment holidays now only 1% of balances

Lower number of Buy to Let payment holidays than Owner Occupier. The number of payment holidays have reduced from 37,000 at half year to 2,565 as at 31 December 2020

Low Arrears



Actual performance remains robust

Arrears levels consistently below industry averages - 0.19% of accounts > three months in arrears (including possessions) vs Industry average 0.84% (Q3 2020). There was a slight increase in 1 month arrears cases as payment holidays came to an end, and a number of borrowers had cancelled their Direct Debits.

Economic Scenarios

		31 December 2020				31 December 2019		
		Weighting	Unemployment%	HPI %		Weighting	Unemployment %	HPI %
Base case	2021	58%	9.0	(5.0)	2020	60%	4.1	(0.9)
	2022		7.3	(7.0)	2021		4.2	-
Downside	2021	20%	9.8	(7.5)	2020	26%	5.1	(4.0)
	2022		9.0	(10.0)	2021		6.0	(3.7)
Severe Downside	2021	20%	11.6	(8.7)	2020	12%	7.2	(8.8)
	2022		10.0	(18.2)	2021		9.2	(18.4)
Upside	2021	2%	5.0	2.5	2020	2%	3.8	2.6
	2022		4.5	4.0	2021		3.7	4.0

Economic Outlook has worsened

ECLs incorporate forward looking information and require significant estimation techniques. In response to Covid-19, a new base scenario was developed, reflecting a continued controlled reopening of the economy over 2021, along with a new downside scenario reflecting a prolonged slowdown as a result of the pandemic. The ECL calculation is particularly sensitive to the Unemployment rate, given its impact on borrowers' ability to meet their loan repayments and House Price Index (HPI), given the significant impact it has on mortgage collateral valuations.

IFRS 9 POST MODEL ADJUSTMENT

Post Model Adjustment (PMA) of £37.6m in 2020 reflecting the possible impacts of Covid-19

Segment Book

Understand the impacts of Covid-19

Segment the book to reflect existence of payment holidays, extension of holidays and other indicators of higher risk including external credit bureau data.

Consider staging

Increase in stage 2 balances

Mortgages that have had an extended payment holiday, or a payment holiday and high risk indicators have been migrated to stage 2. Overall 6% of loans moved to Stage 2.

Payment Holidays	Not Flagged	Flagged
Never taken	£30.7bn	£6.2bn
Taken but not extended	£3.8bn	£1.1bn
Extended Payment Holiday	£1.1bn	£0.5bn

Migrated to Stage 2.

Uplift PD and calculate PMA

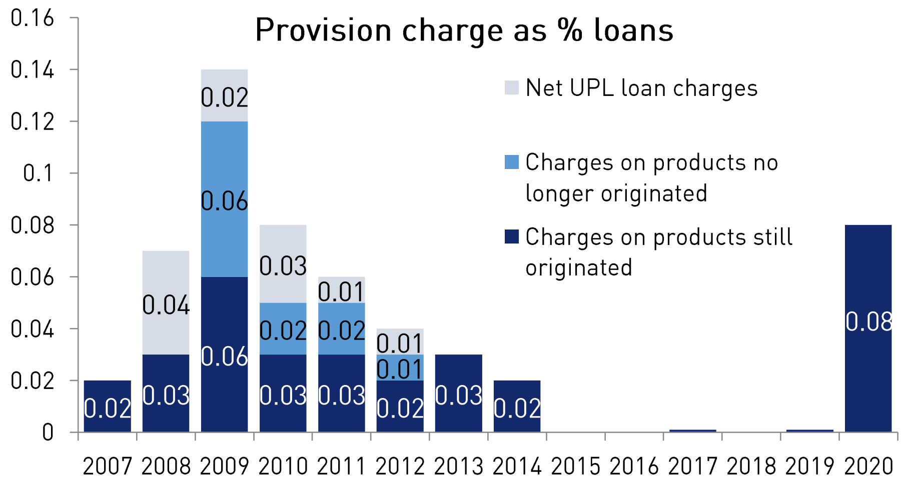
Increase PDs equate to PMA overlay of £16.8m

Once the book has been segmented the PD all of the loans have revised uplifts ranging from 0.5% to 28.9% with the average uplift being 7.5%. In addition HPI growth since the onset of Covid-19 has been removed to reflect possible house price falls in the near term.

IFRS 9 ECLs

£48.1m total impairment charge as at 31 December

A change in criteria where we treat those cases where a Covid-19 related payment holiday has been taken as stage two loans, if either the payment holiday has been extended beyond its original three month period or if external credit data indicates a deteriorating in credit quality, meant that 6% of loans have been reclassified into Stage 2. Despite this 91.3% of the book remains in Stage 1.



Year	Modelled (£m)	PMA (£m)	Total ECL (£m)	PMA as % ECL
2018	10.4	1.2	11.6	10.3%
2019	8.0	4.0	12.0	33.2%
2020	10.4	37.6	48.1	78.2%

2020 (Audited)	Stage 1 'Performing' £m	Stage 2 'Deteriorating' £m	Not past due £m	Past due £m	Stage 3 'Default' £m	Not past due £m	Past due £m	Total £m	Total impairment charge £m
Residential mortgages									
Owner-occupier	23,089.8	2,300.3	2,252.4	47.9	118.6	54.7	63.9	25,508.7	26.5
Buy to let	16,532.8	1,152.3	1,122.1	30.2	55.6	21.7	33.9	17,740.7	18.5
Total traditional residential mortgages	39,622.6	3,452.6	3,374.5	78.1	174.2	76.4	97.8	43,249.4	45.0
Total non-traditional mortgages	66.7	93.7	90.8	2.9	32.1	14.3	17.8	192.5	2.1
Unsecured loans	14.1	2.8	2.5	0.3	0.3	0.2	0.1	17.2	0.9
Mortgage pipeline	-	-	-	-	-	-	-	-	0.1
Total gross loans	39,703.4	3,549.1	3,467.8	81.3	206.6	90.9	115.7	43,459.1	48.1
	%	%	%	%	%	%	%	%	
Total gross loans	91.3	8.2	8.0	0.2	0.5	0.2	0.3	100.0	

Coverage over losses

Total provision coverage has been increased to 43.7 times the gross losses before recoveries in the last 12 months. This represents overall coverage of 11 basis points.

Key Sensitivities

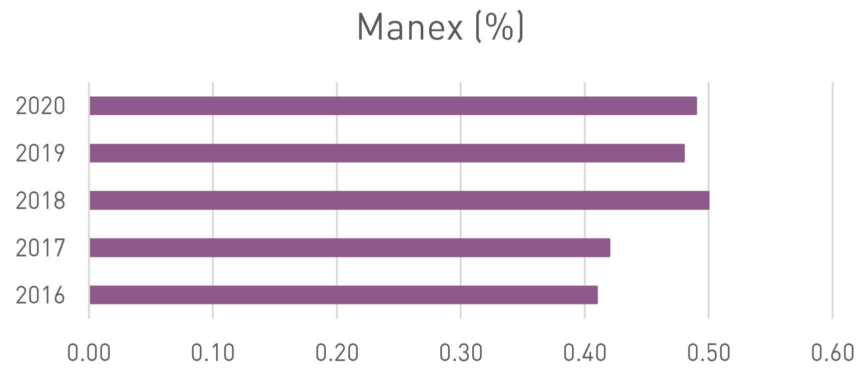
The ECL calculation is particularly sensitive to unemployment and HPI. Our base case scenario would imply a provision of £29.5m with a severe downside scenario of £119.7m.

Stage 2 Cure

The stage 2 classification would be expected to reduce as customers start to cure over 2021 if customers remain current on their mortgage.

INVESTMENT & COSTS

0.49% MANEX inc. £57m Investment spend



Since 2017 investment on strategic change programmes has increased, however we still have one of the lowest manex cost ratios in the industry at 0.49%. (2019: 0.48%)

Some investment redirected to enable the workforce to continue to operate in a Covid-19 environment. Updating security, capacity and applications required to work from home.

Low underlying costs are driven by simple business model, efficient distribution channels and high average account balances, with growth driving economies of scale.

Long term view enables investment in future service.

Infrastructure and safety

Enhance data infrastructure continued in 2020, and this phase will complete in 2021.

Stronger Customer Authentication completed in 2020.

Branch Redesign

4 additional branches were completed during the year.

Project paused due to safety of staff, and restarted in late 2020.

Digital Roadmap

Focus on IRESS mortgage application in 2020 which will be rolled out over the next few years.

Commencing digital app design in 2021.

RETAIL FUNDING

Retail funding growth of 5.3% in 2020, balancing value to members and financial security

Value

Channel

Product Set

Long term value to members

The Society has paid 0.55% above market rates on savings, in line with continued strategy of returning value to members and only retaining profits needed to maintain capital ratios and fund investment.

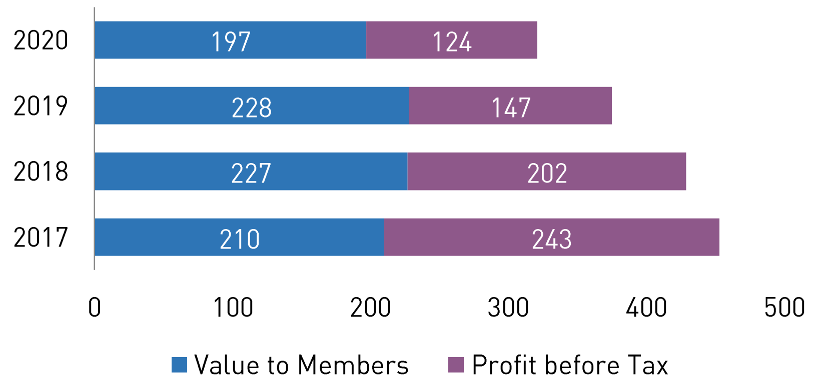
Online Origination was key in 2020

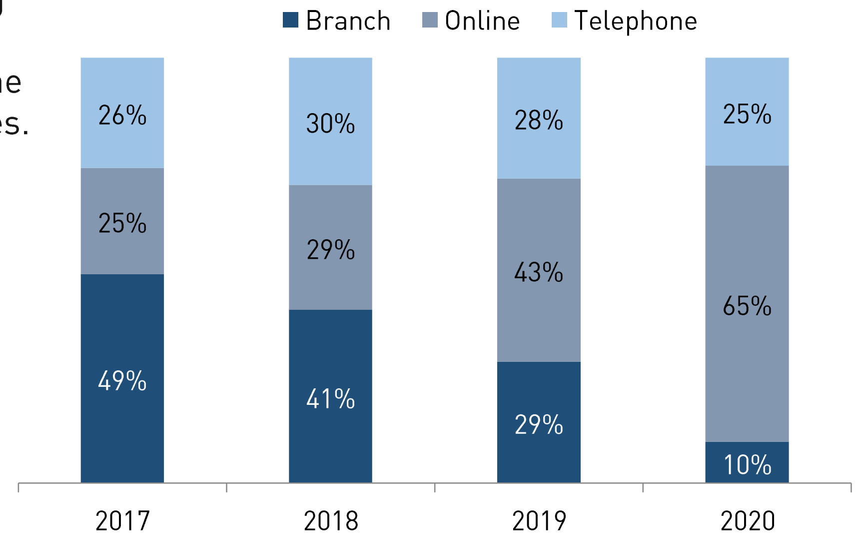
The origination of savings migrated online in 2020 due to the pandemic, this is a continuing trend. Our HL Offering was extended and ended 2020 just shy of £800m in balances on HL, we are the biggest holder of funds on the platform across the 12 other banks and building societies.

Focus in ISA markets has remained

Lending is primarily funded through retail deposits. The Society has a wide range of products and have focused on ISA flows. The best buy products coming in Junior ISA and regular saver accounts. About 50% of savings balances are ISA.

Value to members (£m)





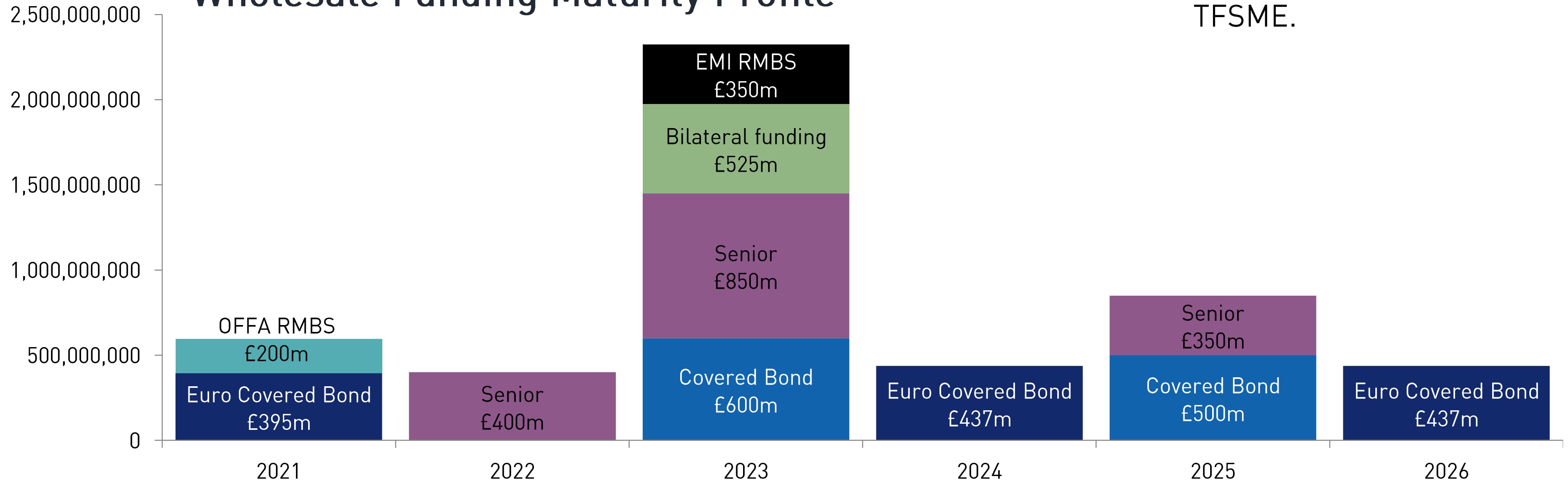
WHOLESALE FUNDING FRANCHISE

Diversification to enable growth

Retail deposits are supplemented by a number of wholesale funding options, with a wholesale funding ratio 21% as at December 2020.

During 2020 the Society completed a £500m Sonia linked Covered Bond in January, the inaugural issuance of the new Economic Master Issuer in July 2020 and sterling senior preferred issuance in September.

Wholesale Funding Maturity Profile



TFSME / TFS

Exposures to TFS and TFSME which now total £2.25bn and £2.3bn respectively. The total allowance if only based on 10% of stock stands at £4.25bn for the new scheme.

Covered Bond

Issuances in both GBP and EUR outstanding, longer dated maturities. The Society issued from a new covered bond programme in 2020 using BTL assets to help collateralize TFSME.

Economic RMBS

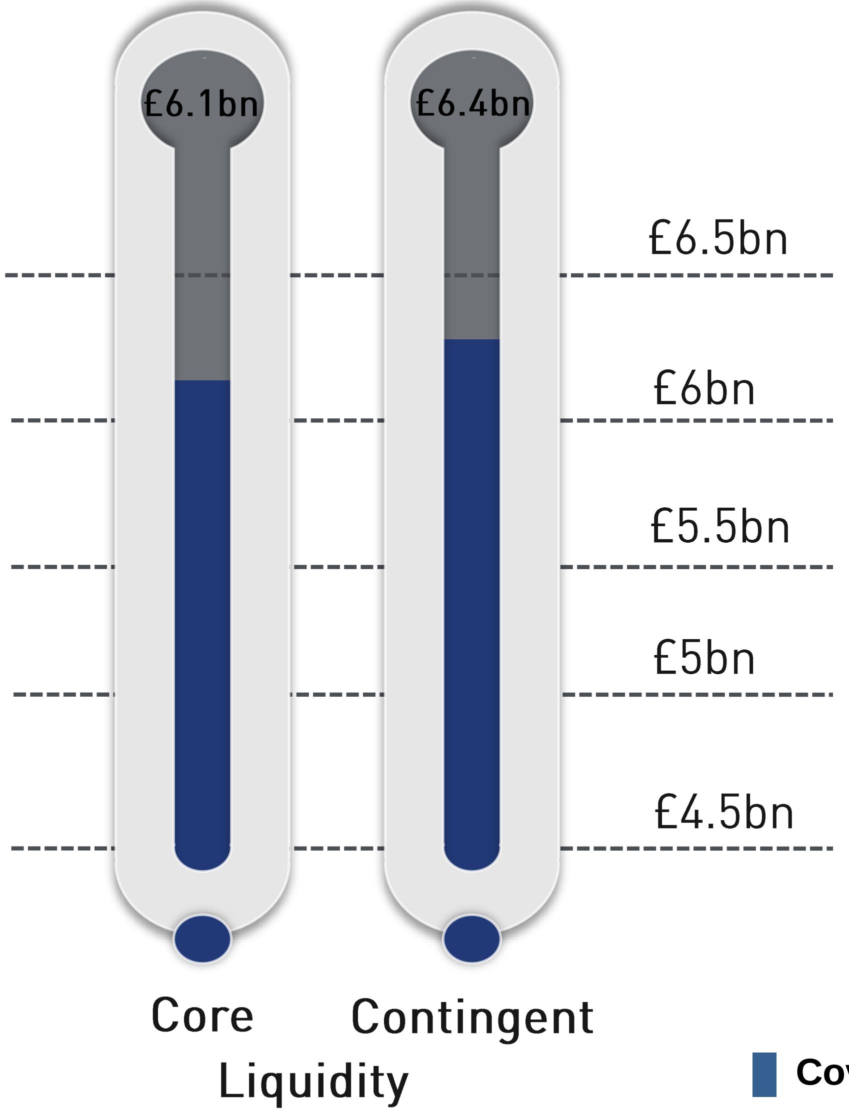
Master issuer created in 2020 to meet investor demand in the RMBS market. The structure helps with efficiency and flexibility of execution.

Unsecured debt

Senior issuance in 2020 to maintain Moodys LGF uplift. Senior and Senior non-preferred issuance allowable from existing program.

LIQUIDITY

Conservative liquidity management



Liquidity risk appetite includes requirement to survive a severe but plausible stress, a measure which is in excess of regulatory requirements.

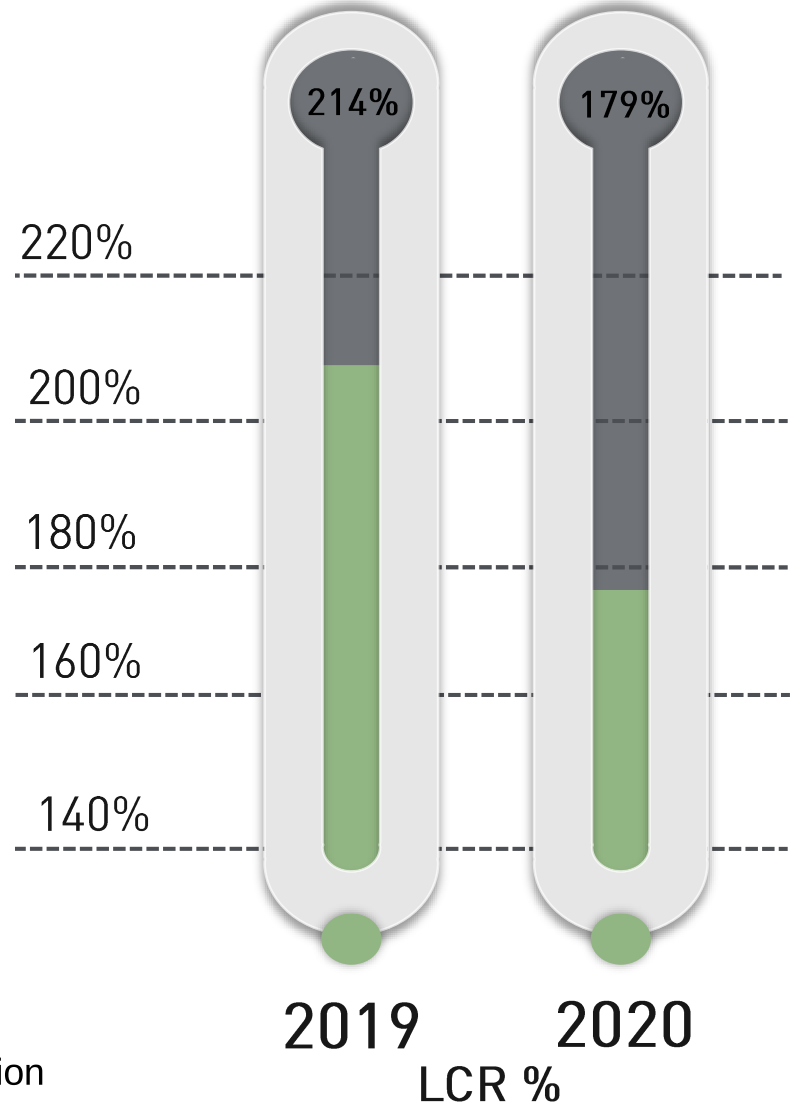
£5.2 billion in Bank of England Reserve Account with the majority of liquid assets held are UK Sovereign Gilts with a small proportion in Supra-national bonds.

In H2 2020, increased retail deposits have contributed to the increase in cash held in the BoE reserve, this together with TFSME have allowed the Society to repay £2.25 billion of TFS.

Liquidity considerably above the regulatory requirement with an LCR of 179% at 31 December 2020.

The NSFR was 149% and Loan to Deposit ratio was 118% as at 31 December 2020 representing a fundamentally strong funding base.

Available contingent liquidity has increased by c.£2bn following the EMI Issuance (£400m retained) and the inaugural issue of the Buy to Let Covered Bond.



RISK WEIGHTED CAPITAL

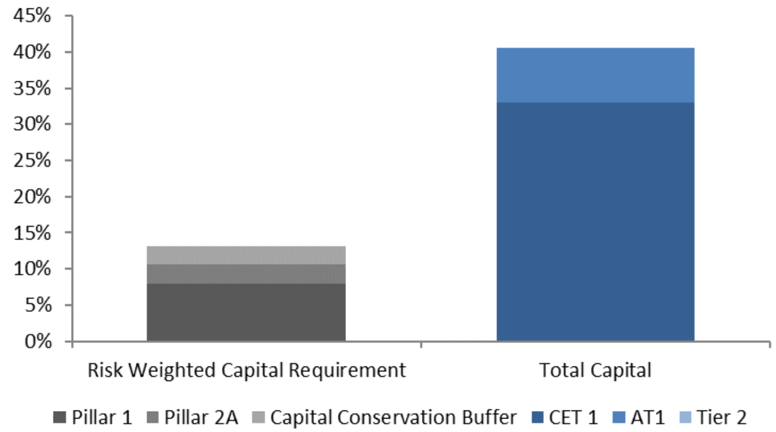
Continued capital strength

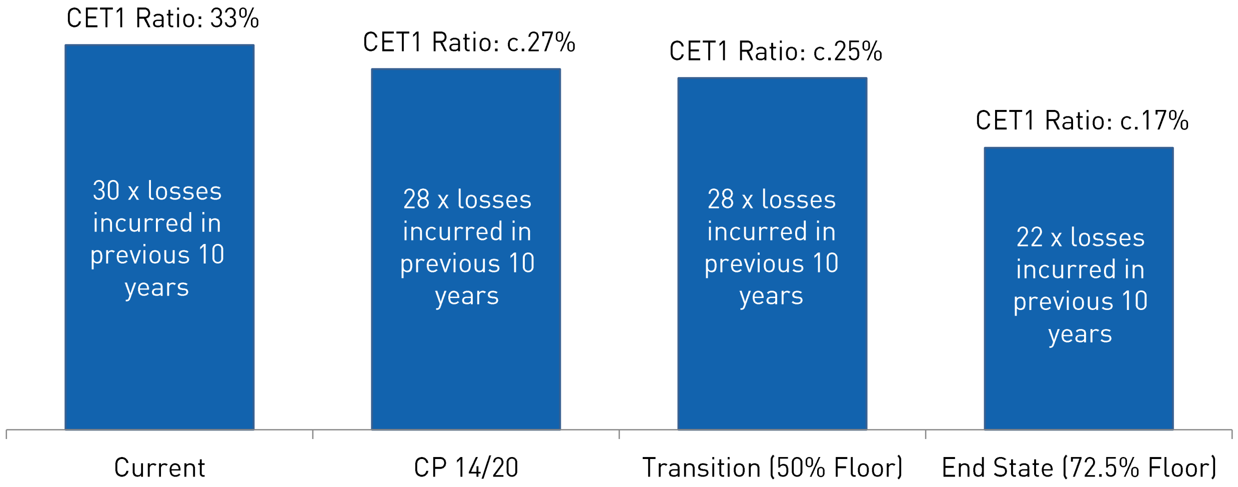
Coventry's total capital ratio is 40.6% compared to an RWA-based capital requirement of 13.1% (TCR + Capital Conservation Buffer 2.5%) 27.5% buffer over TCR on RWA basis.

The Society fixed its Pillar 2A requirement to £141m in 2020, and was issued an updated Total Capital Requirement (TCR) amounting to 10.6% RWAs or £574m.

Retained earnings (currently c. £1.78bn) are Coventry's primary source of CET1 capital[1].

The Countercyclical buffer was reduced to 0% in March 2020





IRB Model Update

The new IRB models were signed off by the PRA in 2020. The models reflect a more 'through the cycle' assessment of losses. The implementation of the new models increased RWAs by 3%. The impact on CET1 ratio was 1%.

CP14/20

Recent consultation paper from the PRA which seeks to floor the risk weights of individual mortgages at 7% and the average risk weights at 10%. The Society's low LTV profile means the CP14/20 impacts the CET1 ratio by c. 6%.

Basel IV

BCBS Paper released in December 2017 outlining Standardised Risk Weights and output floors that seek to remove variability in internal models (IRB). Output floor is now phased in from 50% in 2023 to 72.5% in 2028, having been pushed back due to COVID-19.

1. Post regulatory reductions

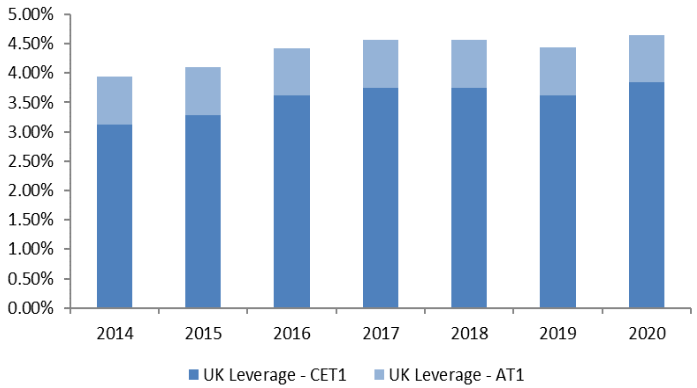
LEVERAGE & MREL

Leverage still not binding for the Society

The modified leverage ratio on a UK basis at 31 December 2020 is 4.6% (4.3% based on CRR leverage), comfortably above the regulatory minimum level.

The leverage ratio review is being undertaken in 2021, and is expected to become binding on all firms from late 2021. The components of the UK leverage ratio framework are a minimum ratio of 3.25% (excluding Central Bank exposures below 3 months to maturity).

Internally generated capital is augmented by £415m of AT1 issuance, providing 81 bps uplift in leverage ratio.



MREL Current

The Society is currently a 'bail-in' firm, with a MREL requirement of 18% of RWAs.

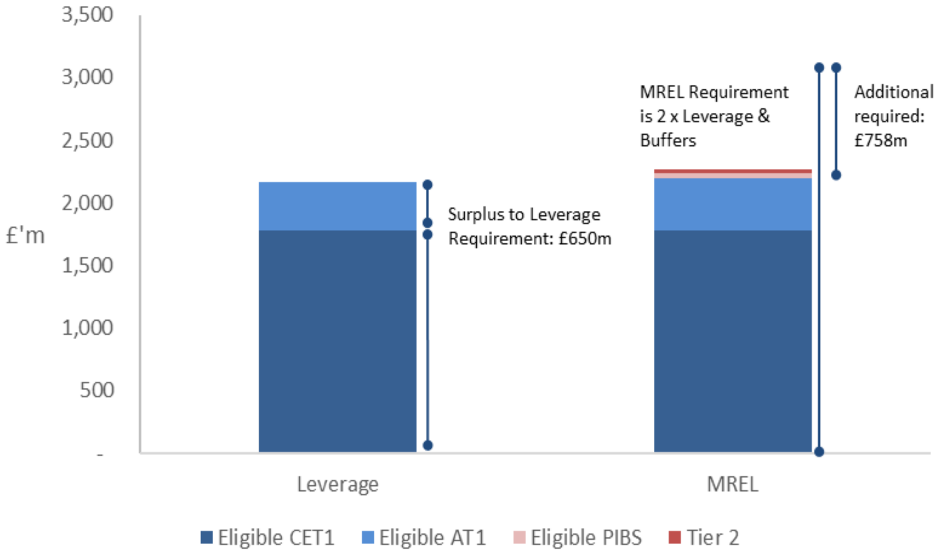
The Bank of England is looking to consult on MREL in the middle of 2021.

MREL End State

The indicative end-state MREL requirement for all firms will be twice the binding capital requirement; for the Society, this is currently two times Pillar 1 and Pillar 2a plus buffers, or 21.2% of risk weighted assets (excluding buffers).

MREL Leverage

If the leverage ratio becomes the binding constraint the Society would need to raise just under £0.8bn in MREL funding (based on 2020 balance sheet). The Society would have a minimum of 36 months after leverage is binding to meet the MREL requirement



ESG PRIORITIES

Delivering our purpose is supported through our sustainability vision

1

People

Equality of opportunity for our colleagues, customers and communities

2

Prosperity

Creating sustainable employment and economic growth

3

Planet

Reducing the energy and resource use of our business and lending

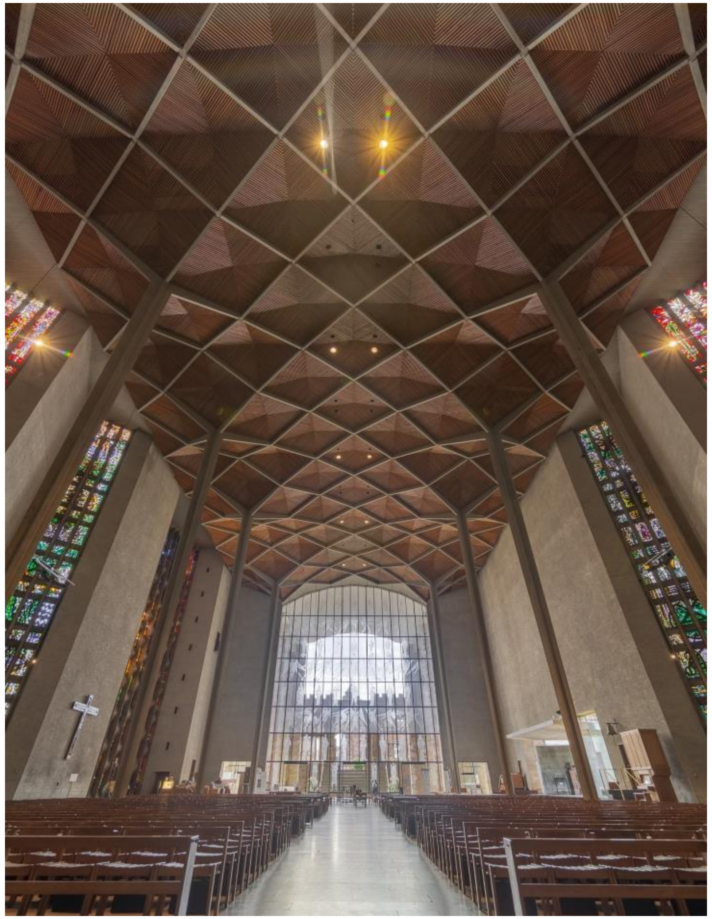
We are committed to reducing our impact on the environment and will be Net Carbon Neutral by 2021 for Scope 1 and 2 emissions, and entirely Net Carbon Neutral by 2030.

There are three key areas the Society can make a meaningful contribution to wider Society in People, Prosperity and Planet.

We have set out our ambitions in these areas and have selected 4 Sustainable Development Goals as a priority for the Society.

SUPPORTING COMMUNITIES

Proud to have purpose



1

SCHOOLS

Launch £50,000 to deliver additional maths support and help pupils recover lost ground. Provided stationery and books to over 2000 primary school students.

2

COMMUNITY

Donations to Heart of England Community Foundations Covid-19 response fund, Coventry Citizens Advice Bureau, Coventry Haven and Coventry Food Bank. Supporting our local community.

3

BRITISH LEGION

Partner with the British Legion to offer the Poppy product set that donates to this worth cause.

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Useful links

- Main website http://www.coventrybuildingsociety.co.uk/
- Financial results http://www.coventrybuildingsociety.co.uk/your-society/financial-results.aspx
- ESG at the Society https://www.coventrybuildingsociety.co.uk/consumer/our-performance/treasury-services/ESG.html

APPENDIX

Additional information

- ❑ Income Statement / Balance Sheet 2020
- ❑ Impacts of Economic Scenarios on the ECLs

FINANCIAL YEAR 2020

Income Statement

£m	FY 2020	HY 2020	2019
Interest Receivable and Similar Income	859.9	438.3	1,010.5
Interest Payable and Similar Charges	(451.4)	(259.9)	(613.8)
Net Interest Income	408.5	178.4	396.7
Other Income	(0.1)	(0.6)	0.1
Net Gains/Losses from Derivatives	(0.7)	1.2	(17.2)
Total Income	**407.7**	**179.0**	**379.6**
Management Expenses	(245.6)	(117.2)	(229.1)
Operational Run Costs	(159.9)	(77.7)	(149.1)
Change Spend and Depreciation	(85.7)	(39.5)	(80.0)
Expected Credit Loss charge	(36.4)	(39.4)	(2.1)
Provisions for liabilities and Charges	(0.5)	(0.5)	-
Charitable Donation (Poppy Appeal)	(0.8)	(0.4)	(1.2)
Profit Before Tax	**124.4**	**21.5**	**147.2**
Taxation	(23.0)	(2.8)	(25.5)
Profit For the Period	**101.4**	**18.7**	**121.7**

Balance Sheet

£m	FY 2020	HY 2020	2019
Liquidity	7,314.5	6,444.0	6,854.7
Loans and Advances to Customers	43,482.8	43,030.0	42,234.7
Derivative financial instruments	540.1	710.9	287.6
Intangible and tangible assets	106.7	109.3	111.0
Other Assets	54.2	65.8	42.8
Total assets	51,498.3	50,360.0	49,530.8
Shares	38,151.1	35,438.6	36,238.1
Wholesale Funding	10,367.9	11,926.6	10,605.4
Derivative financial instruments	622.2	714.9	325.8
Other Liabilities	83.8	66.0	91.6
Subordinated Liabilities	25.6	25.5	25.5
Subscribed capital	41.6	41.6	41.6
Members' interests and Equity	2,206.1	2,146.8	2,202.8
Total Liabilities & Equity	**51,498.3**	**50,360.0**	**49,530.8**

ECONOMIC SCENARIOS

Alternative scenarios used

The alternative economic scenarios which have been used at 31 December 2020 are more negative than those which were used at 31 December 2019. The following table shows the movement for each scenario for the key assumptions of unemployment and HPI for 2021 and 2022:

		31 December 2020			31 December 2019		
		Weighting	Unemployment %	HPI %	Weighting	Unemployment %	HPI %
Base	2021	58%	9.0	(5.0)	60%	4.2	–
	2022		7.3	(7.0)		4.3	0.5
Downside	2021	20%	9.8	(7.5)	26%	6.0	(3.7)
	2022		9.0	(10.0)		6.5	0.1
Severe Downside	2021	20%	11.6	(8.7)	12%	9.2	(18.4)
	2022		10.0	(18.2)		8.7	(17.0)
Upside	2021	2%	5.0	2.5	2%	3.7	4.0
	2022		4.5	4.0		3.6	4.0

Impacts on provision

		Year ended 31 Dec 2020	Year ended 31 Dec 2019
Impairment losses before recoveries	£m	1.1	2.7
Total ECL provision	£m	48.1	12.0
ECL coverage	Years	43.7	4.4

		31 Dec 2020	31 Dec 2019
Total ECL provision	£m	48.1	12.0
Total gross loans and advances to customers before ECL and EIR	£m	43,459.1	42,169.0
ECL coverage ratio	%	0.11	0.03