London Stock Exchange

RNS Half-year/Interim Report

Half-year Report

COVENTRY BUILDING SOCIETY

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Coventry Building Society delivers a strong performance, achieving above market growth in mortgages whilst maintaining excellent service to members and investing for the future.

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

"The first half of 2021 has been dominated by the ongoing effects of the pandemic with the continued impact on health, people's lives and livelihoods. As we move into the second half of the year there is cause for cautious optimism as we transition to a new norm but it is important we recognise the efforts of so many in what has been such a challenging time.

During these six months we have delivered a strong financial performance and made good progress against our strategic goals. This performance reflects an exceptional commitment to members and customers by my colleagues across the Society and I am so proud of what they have delivered. We continue to focus on running the Society in the interest of our members and ensuring that we are set up for long term success.

We are clear on our purpose and have refreshed our strategy which remains grounded in mutuality with a place for all our stakeholders, whether members, colleagues, the local communities we support or our business partners. Our brand identity has also been updated to reflect our purpose and belief that we are truly 'All together, better'. "

Financial results for the six months ended 30 June 2021 include:

- **Mortgages:** Mortgage balances have increased by £2.4bn to £45.9bn. We expanded our product offering during the year and helped 3,800 customers buy their first home.
- **Savings:** Savings balances increased by £0.9bn to £39.1bn.
- **Member value:** The average weighted savings rate paid to members was 0.53% higher than the average paid in the market and equivalent to an additional £100m in interest to savers[1].
- **Service:** The Society delivered outstanding service with a Net Promoter Score of +73[2] and average call waiting times of 51 seconds[3].
- **Supporting our colleagues:** The Society has a 3 star rating for 'World Class' colleague engagement[4] and was recognised for being 8th in the Best Big Companies to Work For list[5].
- **Supporting our communities:** We have donated £600k to good causes in the period, through our Poppy savings products in support of the Royal British Legion and the release of dormant savings funds.
- **Profit:** Profit before tax was £124m, £102m higher than the same period last year. Net interest income increased to £228m from £178m and Net interest margin improved to 0.88% from 0.72% for the same period last year.
- **Capital and liquidity strength:** Common Equity Tier 1 (CET 1) ratio remains well above statutory requirements at 35.2% whilst the Society's Leverage Ratio on a UK basis was broadly maintained at 4.7%. The Liquidity Coverage Ratio of 174% is also considerably above the regulatory minimum requirement.
- **Leading cost efficiency:** At 0.48%[6] the Society continues to report amongst the lowest cost to mean assets ratio of any UK building society[7], whilst continuing to invest significantly in its technology infrastructure and digital capability.

We delivered a strong performance in the first half of 2021 despite the significant uncertainty created by the pandemic

Ensuring that we remain a safe and secure place to save and borrow remains our priority - enabled by strong capital ratios and our simple, focused business model.

Sustainable financial performance is key to that and we delivered a strong set of interim results for the first six months of the year, maintaining exceptional service levels whilst delivering mortgage and savings growth and sustaining the pace of investment in technology, branches and our people.

Our profit before tax of £124 million for the six months to 30 June 2021 compares to £22 million reported in the same period of 2020. We continue to focus on the long term strength and security of your Society. Over the long-term, we retain enough profit to maintain our capital strength and ensure we remain a safe place for our members to save and borrow. Our key measure of this is our risk based capital ratio (CET 1) which increased to 35.2% at 30 June 2021 (31 December 2020: 33.0%).

We increased mortgage lending and our support for first time buyers with lower deposits

During the first six months of the year, we grew our mortgage book by £2.4 billion (30 June 2020: £0.8 billion). Our mortgage growth rate of 5.5% for the six months to 30 June 2021 is over twice the rate of growth seen in the market[8] demonstrating the strength of our product range and service to brokers and consumers.

As a building society, we have always been proud to support people in owning their own homes and we have been doing this since members established the Society in 1884. In 2021 we extended our offering for those looking to buy their first homes, providing 3,800 loans to first time buyers compared to 900 loans in the same period of 2020.

Growth in our buy to let mortgage book was £0.9 billion in the first six months of the year (30 June 2020: £0.9 billion).

We continued to provide market leading regular savings and Child ISA products to encourage better savings habits

We are acutely aware of the impact that the low interest rate environment is having for our savings members. We remain focussed on balancing the interest we can afford to pay to members with maintaining capital strength and investing to improve our products and services.

Our performance has allowed us to deliver £100 million (H1 2020: £103 million) of value to savings members by paying interest rates that were 0.53% higher than the average market rate[1] (30 June 2020: 0.57% higher). This is in line with our focus on delivering long term value to all members.

Our savings balances grew by £0.9 billion in the first half of the year (30 June 2020: decline of £0.8 billion) with members showing a preference for easy access savings products and our regular savings account.

Our service levels continued to differentiate us from other firms based on feedback from members and intermediaries

We continued to deliver outstanding service to members and this is reflected in our Net Promoter Score of +73 (31 December 2020: +73)[2].

These high satisfaction and service levels were recognised by awards such as our Which Recommended Mortgage Provider status, Best Building Society from Savings champion and our Gold Ribbons for customer experience for both savings and mortgages from Fairer Finance.

We have continued to invest in capabilities to allow our colleagues to work effectively whilst managing record volumes of mortgage applications as well as supporting our savings members. Our mortgage teams have also continued to support customers with mortgage payment holiday requests. Our average call waiting time increased only marginally to 51 seconds (30 June 2020: 47 seconds) and I am grateful to our teams for how they pulled together at a time when members needed us most.

We were placed 8th in the Best Top 25 Big Companies to Work For rankings in 2021, maintaining our 'World-class' level of employee engagement rating

Despite the challenge for our front line colleagues managing with social distancing rules and with well over half of our people working remotely from home, we maintained very high levels of colleague engagement and remained one of the Best Large Companies to work for in the UK[5]. We are putting plans in place to allow the majority of our people to adopt a hybrid working pattern, where teams will determine the right mix between home and office locations.

I firmly believe this will also make us more inclusive as an employer, allowing people to balance personal and work commitments more easily and at the same time reducing the time, money and energy consumed by commuting. We have proven over the last year that colleagues can be as productive working remotely. At the same time, we recognise the need for face to face collaboration and how much colleagues have missed this.

Part of being a successful and growing organisation is the creation of opportunities for people of all backgrounds. We created an additional 50 jobs in the first half of 2021 and I am pleased we were able to continue with our apprenticeship and graduate programmes as well as adapting training and development for all our teams to be delivered remotely where possible. We have not accessed the furlough scheme for any roles at the Society since its inception in the first half of 2020.

One of our strategic priorities is to build an inclusive, inspiring workplace where everyone belongs and where the diversity of our city and communities is reflected in our teams. We have some challenging ambitions in this area which include having 50% of management roles held by women and 25% of management roles held by Black, Asian or Minority Ethnic colleagues by 2025. We currently have 43% of these roles held by women and 13% by Black, Asian or Minority Ethnic colleagues.

We continue to invest in better technology to deliver improved digital capabilities and branch experience to our members

Spending our members' money wisely is important to us as a mutual organisation. During the six months to 30 June 2021 our cost to mean assets ratio of 0.48%[6] increased marginally from June 2020 and remains one of the lowest in the building society sector[7]. We continue to invest in the business for the long term. In the first half of 2021 this included the refurbishment of a further 10 branches and making improvements to our digital capabilities, including enhancing our online authentication process and making it easier for members to find the information they are looking for when using our online services. We continued to invest in technology to improve the resilience and availability of services to members and are investing heavily in our mortgage systems to create a significantly easier process for mortgage customers to change their product.

We enhanced support for people in our home city and wider communities as well as progressing our environmental commitments

Whilst lockdown restrictions continued to limit face to face activity in the first half of the year, we have found ways of continuing with our financial education and employability support for young people delivered through technology.

We were able to have a positive impact in our communities by donating £0.3 million of funds from dormant accounts towards local and national charities in addition to a donation of £0.3 million to the Royal British Legion from our Poppy savings products. This takes our total donations to the Legion to £19 million since 2008. The Legion is celebrating its 100th year anniversary in 2021 and we are proud that with our members support we have created better futures for those who have served our country and their families through supporting their housing needs, training needs and supporting mental health.

We have also continued to progress our sustainability agenda and we were accepted as a signatory by the United Nations Global Compact and Principles for Responsible Banking Initiatives. We are on track to be Scope 1 and Scope 2 emissions Net Zero in 2021 and have developed a three year roadmap of product initiatives which have environmental and social impacts at their core.

Later this year, we expect to publish the Society's first ever Climate Action Plan, which will set out our ambition on the climate agenda in more detail.

We increased our visibility in the City of Coventry and beyond as well as updating our brand identity

As the 2nd biggest building society in the UK, we believe that awareness of our brand can be improved. This awareness is critical to maintaining our success whether we are attracting the membership of the future, recruiting new colleagues or working with partner organisations.

Coventry is the UK City of Culture in 2021 and we are proud to be sponsoring the events and excited at how the City is finding creative ways to welcome artists and audiences from the UK and beyond as well as providing opportunities for many local people to get involved.

We have also signed a 10 year sponsorship agreement with Wasps Rugby Club to re-name what was the Ricoh Arena as the Coventry Building Society Arena. The 40,000 capacity sporting, concert and conference arena will create not just local but national awareness for our brand. However it's not just about brand and there will be exciting opportunities for members, schools and community groups to use the arena and its facilities.

Finally we have refreshed our visual and brand identity across our branches and digital channels and this will also feature in new advertising campaigns and our customer communications. It aligns to our purpose, which is summed up with the phrase 'All together, better'. It's an important and exciting investment in our brand as we look to build relevance for existing and future generations of members.

Outlook

The economic outlook improved over the last six months and the housing market has been stimulated by government support and housing demand outstripping supply. The labour market has also received continued support through the furlough scheme. We expect uncertainty to remain in the period ahead, and we will always take a prudent approach to running the business in order to protect the interest of our members over the long term.

We will maintain focus on delivering industry leading service, growing our membership and investing for the future. This is underpinned by our sustainable financial performance and strong capital position. As a mutual, member owned organisation we will work in the interest of our members but also our colleagues, communities and wider society as we continue to deliver on our purpose.

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1. Based on the Society's average month end savings rate compared to the CACI market average rate for savings accounts and excluding current accounts, for the latest available data for the five months ended 31 May 2021. This measure has been updated in the period to use CACI data for the market rate, previous source Bank of England adjusted average rates. If H1 2020 had been calculated on an equivalent basis, Member Value would have been reported as £105 million.
2. 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. Based on average call waiting times between 1 January 2021 and 30 June 2021.
4. Source: Best Companies - 3 Star accreditation is awarded to organisations that receive an index score of 738 or higher reflecting 'world class' levels of workforce engagement.
5. Source: Best Companies '25 Best Big Companies to Work For' listing 2021.
6. Administrative expenses, depreciation and amortisation/Average total assets.
7. As at 28 July 2021 based on available market data.
8. Source: Bank of England - latest published data as at 31 May 2021.

Financial Review

Income Statement

	Period to 30 June 2021 (Unaudited) £m	Period to 30 Jun 2020 (Unaudited) £m	Year ended 31 Dec 2020 (Audited) £m
Net interest income	**227.7**	178.4	408.5
Fees and commissions	**(1.4)**	(0.9)	(2.3)
Other income	**0.6**	0.3	2.2
Gain/(loss) on derivatives and hedge accounting	**4.6**	1.2	(0.7)
Total income	**231.5**	179.0	407.7
Management expenses	**(123.9)**	(117.2)	(245.6)
Expected credit losses	**17.1**	(39.4)	(36.4)
Provisions	**-**	(0.5)	(0.5)
Charitable donation to Poppy Appeal	**(0.3)**	(0.4)	(0.8)
Profit before tax	**124.4**	21.5	124.4

Net interest income for the period was £228 million (30 June 2020: £178 million). The increase in net interest income of £49 million includes the impact of an adjustment to our Effective Interest Rate (EIR) calculation which is explained below. The increase reflects both an improvement in mortgage interest receivable due to higher margins on new lending and lower interest payable to savers following the changes made after the fall in the Bank of England Base Rate in March 2020. This improved performance delivered a Net Interest Margin (NIM) of 0.88% (30 June 2020: 0.72%).

Net interest income includes an adjustment of £27 million which reflects a change to the future assumptions on mortgage redemption behaviour which forms part of the EIR calculation. This adjustment reflects an expectation that customers will spend less time paying the Standard Variable Rate of interest at the end of their fixed rate period than is currently the case. The Society recognises an EIR asset to reflect expected future Standard Variable Rate mortgage income which, after this adjustment, reduced to £50 million in the first half of 2021 (31 December 2020: £71 million). The impact of the adjustment reduced the Society's NIM in the first half of the year by 0.10%, without which reported NIM would have been 0.98%.

Gain on derivatives and hedge accounting of £4.6 million (30 June 2020: £1.2 million gain). The Society uses derivative financial instruments to manage interest rate and currency risks arising from its mortgage and savings activity and from wholesale funding, including non-sterling issuances.

The gain in the first half of the year represents hedge ineffectiveness where movements in the fair value of derivatives did not fully offset movements in the fair value of the underlying hedged item in addition to fair value movements on derivatives which were not designated in hedge relationships.

Management expenses including depreciation and amortisation for the period were £124 million (30 June 2020: £117 million). The increase in costs of £7 million was driven by an increase in day to day running costs of £6 million which primarily relates to additional employee costs. There was a £1 million increase in spending related to the Society's strategic investment programmes with total spend on investment programmes of £27 million (30 June 2020: £26 million). This investment has been focused on activity to digitise our services, whilst enabling significant progress in delivery of our infrastructure programmes, and the Society's new mortgage platform, together with the ongoing redesign of the branch network. Investing to improve resilience of services for members whilst maintaining cost efficiency are key goals and will remain a focus for future periods.

The cost to mean assets ratio of 0.48%[1] is broadly in line with the first six months of 2020 and is expected to remain among the lowest in the building society sector[2]. The cost to income ratio has reduced to 54% (30 June 2020: 65%) reflecting the growth in income relative to our cost base in the period.

Expected credit losses

The performance of our mortgage book and the overall economic outlook has improved compared to our expectations, with lower unemployment and higher growth in house prices than anticipated at 31 December 2020. The Society has granted c. 40,000 mortgage payment holidays since March 2020 of which only 358 remain active at 30 June 2021, with 98% of affected customers returning to making mortgage payments at the end of the payment holiday. As a result, the expected credit loss provision has been reduced to £31 million (31 December 2020: £48 million) and a corresponding release of £17 million has been recognised in the Income Statement (30 June 2020: charge of £39 million).

We have carried out extensive work in order to determine the appropriate provision and, as was the case at the 2020 year end, significant judgement and estimates have been required in the calculation of expected credit losses.

Uncertainty remains as to the impact of the removal of government and central bank intervention which have helped to support the economy. The performance of the mortgage book remains strong with less than 400 Covid-19 mortgage payment holidays active at 30 June 2021, reduced from 34,000 at the same time last year.

Of the total expected credit loss provision, £23.2 million relates to post model adjustments (PMAs) where existing models do not fully reflect the expected credit loss given the unprecedented environment. These adjustments reflect the potential impact of Covid-19 on the mortgage book in addition to other overlays for potential negative equity and risks of house price falls over and above the forward looking economic scenarios. We have introduced a further PMA in 2021 to reflect the potential risk around remediation for cladding on flats where fire safety standards have not been met.

The remaining £7.4 million of provision relates to the modelled expected credit loss (ECL) provision across a range of alternative economic scenarios which reflect various possible outcomes as the economy emerges from the pandemic.

As a result of these changes the expected credit loss provision now equates to 0.07% of the overall mortgage book (31 December 2020: 0.11%).

Under IFRS 9 the Society is required to categorise its mortgages into one of three 'stages'. At 30 June 2021 92.3% of the Society's loans and advances to customers were within the Stage 1 'performing' category (31 December 2020: 91.3%), 7.3% were in Stage 2 (31 December 2020: 8.2%) reflecting a significant increase in credit risk since origination and 0.4% were in default or Stage 3 (31 December 2020: 0.5%). This profile has improved during 2021 as a result of the continued performance of accounts previously subject to payment holidays as well as the improved economic outlook.

The **Corporation tax** charge represents an effective rate of tax of 20.4% (30 June 2020: 13.0%). The increase in rate is driven by the increase in profits during the year including the impact of the 8.0% banking surcharge which was not applied at 30 June 2020 as the Society did not meet the threshold.

Balance Sheet

	30 June 2021 (Unaudited) £m	30 Jun 2020 (Unaudited) £m	31 Dec 2020 (Audited) £m
Assets			
Loans and advances to customers	**45,869.6**	43,030.0	43,482.8
Liquidity	**7,099.3**	6,444.0	7,314.5
Other	**454.3**	886.0	701.0
Total assets	**53,423.2**	50,360.0	51,498.3
Liabilities			
Retail funding	**39,079.4**	35,438.6	38,151.1
Wholesale funding	**11,564.9**	11,926.6	10,367.9
Subordinated liabilities and subscribed capital	**67.1**	67.1	67.2
Other	**399.8**	780.9	706.0
Total liabilities	**51,111.2**	48,213.2	49,292.2
Equity			
General reserve	**1,927.3**	1,776.0	1,835.1
Other equity instruments	**415.0**	415.0	415.0
Other	**(30.3)**	(44.2)	(44.0)
Total equity	**2,312.0**	2,146.8	2,206.1
Total liabilities and equity	**53,423.2**	50,360.0	51,498.3

Loans and advances to customers: The Society's business model remains focused on high quality, low loan to value owner-occupier and buy to let lending within the prime residential market, distributed mainly through mortgage intermediaries. We started 2021 with a substantial mortgage pipeline following a successful final quarter and we have continued to see strong volumes in the first half of 2021 supported by a buoyant housing market. During the period, the Society advanced £5.4 billion of mortgages (30 June 2020: £3.5 billion), with net mortgage lending of £2.4 billion (30 June 2020: £0.8 billion).

During the first half of the year the Society also introduced a range of up to 95% loan to value mortgages in order to support first time buyers entering the housing market. In addition the Society repurchased two buy to let mortgage portfolios totalling £0.5 billion. These loans were originated by the Society and have been recognised on the Balance Sheet within loans and advances to customers from the point of repurchase.

The balance weighted average indexed loan to value at 30 June 2021 was 51.4% (31 December 2020: 52.8%).

Liquidity: On-balance sheet liquid assets have decreased to £7.1 billion (31 December 2020: £7.3 billion) and the Liquidity Coverage Ratio (LCR) at 30 June 2021 was 174% (31 December 2020: 179%), significantly in excess of the regulatory minimum.

Retail savings: The Society continues to be predominantly funded by retail savings, with balances of £39.1 billion at 30 June 2021 (31 December 2020: £38.2 billion). Additional savings balances have been used to fund the growth in the mortgage book.

Wholesale funding: The Society uses wholesale funding[3] to provide diversification of funding, supporting growth and lowering risk as well as providing value to members through lowering the overall cost of funding. Wholesale funding in the period has increased by £1.2 billion as a result of drawdowns on the Bank of England Term Funding Scheme and issuances in the period, partially offset by maturities.

The Society has accessed the Bank of England's Term Funding Schemes with balances of £5.21 billion outstanding at 30 June 2021 (31 December 2020: £4.55 billion). Other new issuances in the year include £0.3 billion senior non-preferred notes issued in April 2021 and a further £0.4 billion issued from the Economic Master Issuer RMBS programme. This programme received recognition during 2021 from both the International Financing Review and the Global Capital awards.

Pension benefit surplus (included in Other assets): The pension benefit surplus has increased to £17 million (31 December 2020: £10 million) as a result of market movements, in particular an improvement in UK corporate bond yields which have reduced the scheme liabilities since 31 December 2020.

General reserves: The growth in General reserves of £92 million in the first half of the year (30 June 2020: £3 million) reflects retained profit for the period of £99 million (30 June 2020: £19 million), gain on remeasurement of the defined benefit pension scheme of £7 million (30 June 2020: loss of £2 million) offset by £14 million distribution to Additional Tier 1 capital holders (30 June 2020: £14 million).

Total equity: Total equity has increased by £0.1 billion to £2.3 billion (31 December 2020: £2.2 billion).

Capital Ratios

The table below provides a summary of the Society's capital resources and CRD IV ratios on an end-point basis (i.e. assuming all CRD IV requirements were in force in full with no transitional provisions permitted).

	End-point 30 Jun 2021 £m	End-point 30 Jun 2020 £m	End-point 31 Dec 2020 £m
Capital resources:			
Common Equity Tier 1 (CET 1) capital	**1,853.6**	1,718.7	1,783.3
Total Tier 1 capital	**2,268.6**	2,133.7	2,198.3
Total Tier 2 capital	**-**	11.8	-
Total capital	**2,268.6**	2,145.5	2,198.30
Risk weighted assets	**5,265.7**	5,423.3	5,410.6
CRD IV ratios:	**%**	%	%
Common Equity Tier 1 (CET 1) ratio	**35.2**	31.7	33.0
CRR Leverage ratio	**4.2**	4.2	4.3
UK Leverage ratio	**4.7**	4.5	4.6

Risk Weighted Assets (RWAs) have decreased by 2.7% from 31 December 2020. The impact of growth in the mortgage book of 5% has been more than offset by improved credit conditions, predominantly driven by increases in HPI. As a result, the CET 1 ratio has increased by 2.2% in the first six months of 2021. At 35.2%, our CET 1 ratio remains significantly ahead of the Total Capital Requirements set by the PRA for the Society of 10.7% of risk weighted assets as at 30 June 2021.

During early 2022, there are two changes to the capital requirements due to be implemented. Firstly, the PRA released a policy statement (PS16/21): "Internal Ratings Based UK mortgage risk weights: Managing deficiencies in model risk capture", which recommends flooring average IRB UK mortgage risk weights. Based on the June 2021 capital ratios, the expected impact to the Group's CET 1 ratio would be a reduction by approximately 4%, which is less than initially expected due to the policy not flooring individual mortgages. Secondly, the Society will be required to transition to updated IRB models to meet the latest regulatory requirements contained in the EBA roadmap and largely covered within supervisory statement SS11/13. The expected impact of these updated models is an increase in RWAs due to an increase in the probability of possession given default and LTV at default. The range of outcomes is still uncertain and subject to approval from the PRA but the update may reduce the Society's CET 1 ratio by up to one third. This would effectively bring forward the risk weights the Society would report based on the implementation of Basel IV RWA floors which are due to be phased in from 2023 to 2028 and are described below.

From 2023, Basel IV RWA floors are being phased in and will reduce the Group's reported CET 1 ratio further, as they do not give full credit for the Group's very low risk mortgage book. Applying the Basel IV RWA floors to the 30 June 2021 figures on a full transition basis would result in a CET 1 ratio of 17.3%. The reduction in reported CET 1 measures has been included within the Society's financial plans and does not materially reduce the capital surplus to regulatory requirements, ensuring we remain safe and secure.

The Society's Leverage ratios have been maintained at 4.7% and 4.2% on a UK and CRR basis respectively, significantly above both regulatory minima and the Society's internal risk appetite. The FPC and PRA have released a consultation paper (CP14/21) "Consultations by the FPC and PRA on changes to the UK leverage ratio framework" which sets out the review of the leverage framework in the UK. The consultation maintains that only firms with £50 billion retail deposits will be in the scope of the UK leverage regime, and as such the Society is not currently in scope for this requirement. This will lower the Society's expectation of the planned Minimum Requirement for own funds and Eligible Liabilities (MREL) requirements.

The capital disclosures above are on a Group basis, including all subsidiary entities. For regulatory purposes the Group also reports on an Individual Consolidated basis, which only includes those subsidiaries meeting particular criteria contained within CRD IV. The Individual Consolidated CET 1 ratio on an end-point basis at 30 June 2021 is 0.5% higher than the Group ratio due to assets held by entities that sit outside of the Individual Consolidation, primarily those held by the Group's securitisation and covered bond entities.

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

2. As at 28 July 2021 based on available market data.

3. Deposits from banks, Other deposits, Amounts owed to other customers and Debt securities in issue.

Other Information

A copy of the Interim Financial Report is available here:
http://www.rns-pdf.londonstockexchange.com/rns/8285G_1-2021-7-28.pdf

The Interim Financial Report has also been placed on the website of Coventry Building Society, at www.coventrybuildingsociety.co.uk/results

The directors are responsible for the maintenance and integrity of the information on the Society's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Forward Looking Statements

Certain statements in this Interim Financial Report are forward looking. The Society, defined in this Interim Financial Report as Coventry Building Society and its subsidiary undertakings, believes that the expectations reflected in these forward looking statements are reasonable based on the information available at the time of the approval of this report. However, we can give no assurance that these expectations will prove to be an accurate reflection of actual results; because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward looking statements. We undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

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