

2 March 2010

Coventry Building Society's record-breaking results show that building societies can thrive

Today, Coventry Building Society, the UK's third largest building society, announces excellent full year results for year ending 31 December 2009. Highlights include:

Record profit

- 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).

Number 1 building society for net mortgage lending

- Gross advances exceeded £2.7 billion – 15% of all building society lending.
- Mortgage growth of £919 million, representing 8% of net lending in the UK market and the highest of any building society.
- At 0.8%, Coventry Building Society has the lowest level of arrears of any lender to have reported 2009 results so far (FSA figures: 2.5% or more balances in arrears). This equates to around one-third of the industry average.
- Loan loss provisions amongst the lowest of any large UK lender.

Exceptional funding strength

- Retail savings balances grew by £833 million in 2009 and have increased by £5 billion in the last three years, comfortably exceeding the £4.1 billion increase in mortgage funding.
- Retained access to long term wholesale funding.
- 100% of mortgages funded by retail savings, capital and reserves.

Strong, stable and efficient

- Core tier 1 ratio of 27.9%, the highest reported by any large building society.
- Maintained "A" credit ratings throughout "credit crunch" – Fitch (A) and Moody's (A3).
- Further improvements to efficiency as cost to mean assets ratio reduced to 0.38%, the lowest level reported by a UK building society.

Member focused

- Over 270,000 new accounts opened in 2009.
- Over 95% of variable rate retail savings balances have seen an increase in interest rate relative to the Bank of England base rate since 2008, delivering annualised interest benefits to members of £70 million.
- Coventry Building Society had too few complaints to feature in either of the Financial Ombudsman Service referral tables published in September 2009 and February 2010.
- £3.4 million donated to the Poppy Appeal since October 2008 as part of an extended programme of community and charitable activities.

For more information or additional comment please contact:

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David Stewart, Chief Executive of Coventry Building Society, said: “Our performance shows that building societies can thrive in today’s environment. Our ability to compete is based on the traditional model of attracting and retaining savings balances to support responsible lending.”

“The Society’s strength is the ability to do this without needing to take on the higher risks associated with commercial lending, second charge lending, or purchasing third party mortgage books. By staying strong, we have been able to offer long term value to new and existing members as well as secure appropriate profits to safeguard the Society’s future.”

“Coventry has remained strongly profitable, has grown savings and continued low risk lending, whilst providing competitive products to a growing membership. The mutual model is far from broken.”

Ends

Full coverage of Coventry Building Society’s results for year ended 31 December 2009 can be downloaded from Coventry Building Society website at www.thecoventry.co.uk/2009results

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