


Our 2022 annual review and 2023 Annual General Meeting



Contact us

 **At a branch**
For details of our opening hours, visit [thecoventry.co.uk](https://www.thecoventry.co.uk)

 **By post**
Oakfield House,
PO Box 600, Binley,
Coventry CV3 9YR.

 **Online**
[thecoventry.co.uk](https://www.thecoventry.co.uk)

 **By phone**
0800 121 8899

Coventry Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority (www.fca.org.uk) and the Prudential Regulation Authority (firm reference number 150892).

Our Customer Service Centre is open Monday to Friday 8am–7pm and Saturday 9am–2pm. Calls to 0800 numbers are free when made from the UK. You may be charged for calls to all other numbers, please contact your service provider for further details. We may monitor, record, store and use telephone calls to help improve our service and as a record of our conversation.

Information correct at time of going to print (March 2023).

Coventry Building Society.
Principal Office: Coventry House,
Harry Weston Road, Binley,
Coventry, West Midlands CV3 2TQ.



COVENTRY | 
Building Society

All together, better

A warm welcome to the story of our year

We've written this booklet so you can discover more about how Coventry Building Society performed last year. As well as the financial facts and figures, you'll find an introduction from our Chief Executive and insights from our Board members. We've also been looking at why being a mutual means we can give you better value and service – and how we support you, your family and your local community.

Of course, the booklet contains all the details you'll need about how to get to our AGM, or how to join online if that's how you prefer to participate. Please make sure you read about the ways you can vote if you're not planning to join us in person. Your vote really matters to us.

Finally, there's a glance at what we're doing, as a Society, to respond to the important challenge of climate change.

We hope the following pages give you a helpful and easy-to-read insight into who we are and what we've done over the last year.



Key highlights of the year

Here's a glance at some of the stand-out figures from 2022.

Member value

£230m

Value returned to members¹
(2021: £201m)

6.0%

Savings balance growth
(2021: 4.6%)

3.0%

Mortgage balance growth
(2021: 7.2%)

0.17%

of mortgages more than 3 months in arrears
(2021: 0.17%)

Find out on page 6 how we balance lending and borrowing

Service, our community and colleagues

+75

Net promoter Score²
(2021: +76)

207

Seconds average call waiting time³
(2021: 49 seconds)

£3.2m

Total community investment⁴
(2021: £1.6m)

77%

Great Places to Work Trust Index Score⁵
(2021: 73%)

See how we're servicing our members on page 8

Head to page 12 to read about the difference it's making

Sustainable financial performance

£371m

Profit before tax
(2021: £233m)

1.16%

Net interest margin
(2021: 0.90%)

43.2%

Cost to income ratio
(2021: 56.3%)

5.2%

UK leverage ratio
(2021: 4.8%)

1. Based on the Society's average month end savings rate compared to the CACI Ltd's Current Account and Savings Database rest of market average rate for savings accounts, excluding current accounts and offset savings, for the 12 months of the year (2021: first 11 months of the year).
2. A measure of customer advocacy that ranges between -100 and +100 representing how likely a customer is to recommend our products and services.
3. Based on average call waiting times between 1 January 2022 and 31 December 2022.
4. Total community investment made by the Society in 2022 has been determined in line with the Business for Societal Impact (B4SI) framework.
5. A measure indicating a trust-based people first workplace based on positive responses to the annual Great Place to Work survey.

Your Chief Executive's review of the year

We were hoping for a calmer year in 2022, but it wasn't to be. In uncertain times, people look for support and stability as well as value. And providing those things for our members, colleagues and communities has been our priority.

In such an unpredictable year, the benefits of mutuality have never been clearer



2022 was a year of rising costs and rising interest rates. The economy barely had time to recover from the Covid-19 pandemic, when fuel, energy and food were hit by supply issues impacted by a heartbreaking conflict in Ukraine.

It's been an unprecedented year and one where we have tried to balance the needs of savers and borrowers whilst ensuring we remain resilient for the long term.

Unsurprisingly, more of our members contacted us than ever before. Savers wanted to make sure that their savings were in the right place to benefit from interest rate rises and borrowers were concerned with fixing affordable rates.

We understand the impact of the cost of living crisis on our members and have acted to support them in several ways. We've continued to reward our savers, and we've been proactive in helping members who might be finding it more difficult to keep up with their mortgage payments.

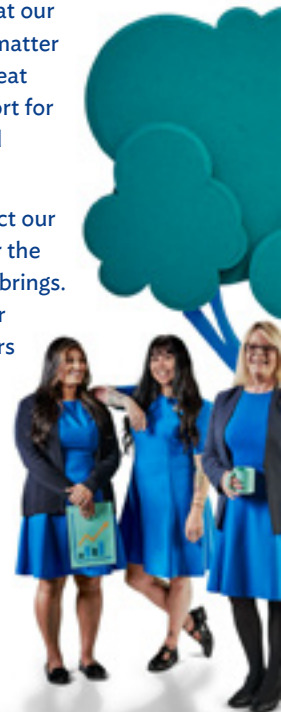
Towards the end of the year, we donated an additional £1 million directly to Coventry schools and charities helping those worst affected by issues like food and fuel poverty. We'll be announcing our new corporate partnership in the coming months – it will add real value to all of our community objectives.

In such an unpredictable year, the benefits of mutuality have never been clearer. Fortunately, we have a simple and straightforward business model that lets us take a long-term view, whatever the short-term challenges. And we can keep delivering the things that our members have told us matter to them: great value, great service and great support for them, their families and their communities.

We'll continue to protect our members and invest for the future, whatever 2023 brings. I'd like to thank you, our members, our customers and partners for your continued trust and support for the Society. I also want to thank my colleagues – who really care about what they do – for their professionalism and commitment.

Steve Hughes

Chief Executive Officer
23 February 2023



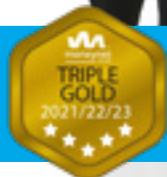
Better Value

We help your money work for you

Whether you're a saver or a borrower, our focus is always on making you better off through life.



Best building society
Savings Provider



1. Based on the Society's average month end savings rate compared to the CACI Ltd's Current Account and Savings Database rest of market average rate for savings accounts, excluding current accounts and offset savings, for the 12 months of the year.

Long-term value has never been more important

The increase in living costs means it's more important for everyone to get the best value possible. Giving you long term value is one of the most important measures of our success. Doing the right thing for our members means balancing the needs of savers and borrowers – who are affected by rising interest rates in very different ways. It's clear from your feedback that you trust us to do the right thing, and to keep your savings safe and secure.

We're a mutual – looking after savers and borrowers

Our simple business model works on the relationship between savers and borrowers, to the mutual benefit of both.

If you're a saver, we take care of your money and pay as much interest as we can balancing the need for long term resilience. This comes from the interest our borrowers pay on their mortgage loan. We're a careful, low-risk lender, so we keep your money safe and secure. If you're a borrower, this means we make sure your mortgage is affordable and good value, as well as providing great support if your circumstances change.

Our simple business model works on the relationship between savers and borrowers, to the mutual benefit of both



How we reward our savers

We continue to pay our savers above market average and have taken the opportunity to improve savings rates throughout the year as the Bank of England Base Rate increased. We paid an extra £230 million of interest to our members¹ than if we'd just matched the average rates paid in the market.

Looking ahead, we want to continue to help those who work hard to save. We're also supporting those who save on a regular basis and savers looking to buy their first home.

Loyalty counts

We value the loyalty of our members, because it's you who make us what we are. Last year, we offered a range of bonds designed for members who'd been with us for a while. Over half of the 78,000 new Loyalty accounts have been opened by members who have been with us for more than ten years.

Helping our borrowers

At such an uncertain time in the market, we tried to give our borrowers as much certainty as possible. We made the decision to protect our variable rate mortgage customers by not passing on the full impact of the Bank of England Base Rate rises in 2022. Our mortgage members have told us they appreciated the way we went about changing our rates. To help make repayments more affordable, we also increased our maximum lending term from 35 to 40 years.

We've also been there for mortgage customers who needed support in these difficult times.

Better Service

We're passionate about giving you outstanding service

More than just looking after your money, we look after you – whoever you are, and however you prefer to get in touch with us.

Gold Ribbon for savings for the 8th year in a row

2015 - 2022



We've helped more of our members than ever...

We've always set a high bar when it comes to service. The challenges of the last year meant we had more calls from our members than ever, and they needed more time to get things figured out. Offering competitive accounts was another reason why our phone lines were so busy.

This led to longer call waiting times, and our service occasionally fell short of our usual high standards. We're really sorry about this. But when members did get through, they got the same brilliant support as ever from our branch and contact centre teams.

...And we're future-proofing our customer service, too

To make sure we can keep responding to your calls quickly, we're taking on and training new team members. We're also trying out new, more flexible ways of working, so that our people in branches can provide telephony and digital support.

We've invested in technology

Many of our savers and borrowers value the speed and convenience of managing their accounts online.

We've made good progress with our online mortgage and savings services so members and mortgage brokers can switch products themselves. We also launched SMS authentication, making our Online Services even more secure. We're now putting the finishing touches to our mobile savings app, which will be up and running this year. And behind the scenes, we're modernising our core banking systems.

The human touch is particularly valued by those of you who use our branches. Our four-year redesign of the entire branch network – along with the improvements to our telephony service – are strong signs that we remain fully committed to serving you in this way.

We've been recognised for our service

Despite last year's challenges, our service levels remained outstanding. Our Net Promotor Score (NPS)¹ – the main way we judge overall satisfaction for our service, was +75 (2021: +76) for the Society as a whole.

Our members have said they appreciate the friendliness and care shown by our people, and feel supported by them. This is especially true for members who tell us about a bereavement, as well as those visiting a branch or calling our contact centre about savings accounts.

To help all our members feel safe and secure, we're proud to support the national Take Five campaign, which aims to stop fraud. In the last year, we've offered more advice on how to protect yourself from financial fraud like email, phone and online scams.

Our performance has been independently recognised too, with MoneyNet naming us 'Best Building Society Savings Provider' and Fairer Finance awarding us its Gold Ribbon for savings, for the 8th year in a row. Our mortgage awards include High Street Mortgage provider of the year (commended) in the Moneyfacts Consumer Awards 2022.

1. A measure of customer advocacy that ranges between -100 and +100 representing how likely a customer is to recommend our products and services.

Better for you and your family

If it matters to you, it matters to us

Whether it's supporting our members in financial difficulty, listening to the views of our Member Panel or being a friendly face in your local branch, we're committed to doing the things that make a difference.



Your Mortgage
Best Building
Society 2022

YourMortgage



Our decisions are based on what's best for you

Because we don't have shareholders, everything we do is based on your best interests. That means we focus on the long-term stability and security of our Society, as well as managing the value of our day-to-day products and services. You tell us very clearly what you want – and that is great value, great service, and the support we give you, your families, and your communities, through good times and bad.

We've helped first-time buyers

We appreciate how hard it is for first-time buyers to get onto the property ladder right now. Last year, our First Home Saver account helped hundreds of savers build up a deposit – either for themselves or for a member of their family. Along with a competitive rate, we offered an extra cash bonus for taking out one of our mortgages.

We also started a new dedicated service for those of you buying a new build home. Because new builds are often more energy-efficient, this supports our climate plan too. And we brought in a 'soft' credit search (which doesn't affect your credit score) when offering an agreement in principle.

We're trusted by you

Many of your concerns focus on the cost-of-living crisis and making your money work as hard as possible. We continue to pay savers above the average in the market. We've also been quick to let you know about savings rate changes.

We didn't just respond to our members' worries last year – we were also proactive in identifying who might need help. We contacted borrowers who were at greater risk of falling behind on their repayments, to offer them support.

Our Member Panel really counts

We take our responsibility to you very seriously. That's why our Board makes it a priority to talk to our Member Panel, made up of nearly 10,000 saving and borrowing members. They're regularly asked what they think of our service, projects we're working on and ways we could do things better. Even though we can't always act on everything, we do listen. The Board also takes part in online forum discussions, to learn directly about what's on members' minds.

We don't have shareholders, everything we do is based on your best interests. That means we focus on the long-term stability and security of our Society



Better for you and your community

We care about the places and people around us

By investing in our communities – locally and around the UK – we make a real and immediate difference to people's lives.



Our £1 million cost of living fund has helped those who are most urgently affected by food and fuel poverty



Changing things for the better

We want to make significant, lasting improvements to the lives of the most vulnerable and disadvantaged communities where we live and work.

In 2022, our Chief Executive, Steve Hughes, led a 'Seeing is Believing' visit, introducing senior business leaders to grass roots community groups to experience the challenges they face and commit to taking action. Initiatives like these can make a real difference to schools, foodbanks and youth foundations, leaving a long and impactful legacy.

Over the last two years, we've worked hard on a plan focusing on Coventry. We've built some great partnerships in three areas where we can add funding, knowledge and opportunities:

1. Better Foundations – so everyone has a place to call home

Our partners help the most disadvantaged and vulnerable to keep a roof over their head and food on the table. We're funding

organisations like Coventry Citizens Advice, which offers debt guidance, the Central England Law Centre, and Change into Action, which helps rough sleepers transition to life off the streets. Our colleagues and members also support the communities we serve across the whole of our branch network.

2. Better Futures – so young people have the knowledge, skills and confidence to succeed

We're continuing to support nine schools in some of the most disadvantaged communities in Coventry. We work with teachers and local authorities to learn exactly what kind of support is most helpful. Last year, we ran our Coventry Counts programme of literacy and numeracy support for our six primary schools, and our Employability programme for our three secondary schools. All our schools programmes have financial literacy learning built in, to help equip young people with valuable life skills. We also started our virtual Work Insights programme, to let pupils in years 10–13 find out more about careers in financial services.



3. Better Connections – so older people don’t face loneliness and isolation

Over the course of 2022, we’ve run befriending events in conjunction with Age UK (Coventry and Warwickshire) and the Belgrade Theatre Trust. Several guests who initially arrived alone have now formed a network of friends, and even heard from our Financial Crime Team about how to protect themselves from scams.



Our new charity partner

In December, our 15-year partnership with the Royal British Legion came to an end. In all, we’ve donated over £20 million to fund the Legion’s work. We’ll be announcing our new corporate partnership in the coming months - it will add real value to all of our community objectives.

We’re continuing to support nine schools in some of the most disadvantaged communities in Coventry. We work with teachers and local authorities to learn about what kind of support is most helpful



Helping our communities through the cost of living crisis

Towards the end of last year, we were able to use our network of partnerships to distribute a £1 million cost of living fund. Because the money went straight to schools and charities, it was able to reach the people most urgently affected by food and fuel poverty. Every school in Coventry got a grant to pay for essentials like school uniforms and after-school or holiday clubs for families who needed extra support. We also made a contribution to each of our branches across the UK, to donate to their local food banks. Initiatives like this one show how quickly we can make a real difference.

Tackling the climate challenge

People expect businesses to play an active role in tackling national issues like climate change, the housing crisis, or creating opportunities for the more marginalised in society. As a mutual with a track record of supporting people, we’re well-placed to do this.

We’re committed to being a sustainable and responsible business. At last year’s AGM, our members overwhelmingly supported our Climate Action Plan. We’re making good progress on our Net Zero journey, however, we’re clear that we can’t do this on our own. We need to see policy change, efforts across the industry, and more government support focused on housing. We’re aiming to support and educate our members and borrowers about how they can make their homes more energy efficient.

We are Carbon Neutral for our business operations



We want to make significant, lasting improvements to the lives of the most vulnerable and disadvantaged communities where we live and work



Our Environmental Ambitions

We're committed to doing what we can to help address climate change. Not only is it a critical issue for the world, but it also poses specific and significant risks to our business.

We've signed up to the UN Principles for Responsible Banking. This helps us to act in line with the 2015 Paris Climate Agreement and the UN Sustainable Development Goals, and we welcome the accountability it brings.

In 2021, we drew up our Climate Action Plan. We're making good progress – in the table opposite, you'll see our achievements to date, the progress we've made in 2022 and our ambitions for the future. We hope to get there by changing the way we operate our business and encouraging our mortgage members to make green home improvements.

You can find the full details of what we're doing to reduce the impact of climate change in our Sustainability section on our website.

Achieved

We are Carbon Neutral for our business operations

We transitioned to procure 100% renewable energy from wind and solar

ISO 14064-1 certified for our Scope 1, 2 and 3 emissions data and we align with TCFD framework

Products and propositions designed to support greening of homes

Progress in 2022

Continued to improve our energy efficiency and transition away from gas consumption

New and existing customer reward scheme incentivising efficiency improvements

Engaged with our suppliers and regulators on climate matters

Publicly disclosed climate strategy positions

Developed our transition plan to reach Net Zero

Member endorsement and engagement with our Climate Action Plan

Annual reporting on progress against our targets and external frameworks

Continued to obtain third party assurance and ISO certification

2023–2040 Ambitions

Set a Science Based Target by 2024

Ambition to be fully Net Zero by 2040 across Scopes 1, 2 and 3

Align capital expenditure to 1.5°C pathway

Customer understanding, support and engagement campaigns

Achieve Scope 3 upstream emissions to be Net Zero by 2030

Have 100% electric vehicles in our fleet by 2030 or sooner

Work with partners to deliver change

New and existing customer retrofit borrowing incentives

- Our Climate Action Plan
- Our products
- Governance and risk
- Our operations
- Our influence on society

Attending the AGM

This is your Society, so we want to hear about how you think it's being run. There are several ways you can vote. Whichever you choose, know that your vote is important to us.

The meeting will be held in The Premier Lounge, Coventry Building Society Arena, Judds Lane, Longford, Coventry CV6 6AQ at 3pm on Thursday 27 April 2023. Details of how to get there can be found on our website thecoventry.co.uk

How to vote

Online (prior to the event)

www.cesvotes.com/coventry23 by midnight on Monday 24 April 2023.

By post

Use the enclosed proxy voting form and envelope to post your form back to us. It must arrive by Monday 24 April 2023.

In branch

Use the enclosed proxy voting form and envelope then drop it into one of our ballot boxes by 1pm on Monday 24 April 2023.

Vote at the meeting in person

The AGM is at 3pm on Thursday 27 April 2023 in The Premier Lounge, Coventry Building Society Arena, Judds Lane, Longford, Coventry CV6 6AQ.

We always aim to share things with you in a clear and accessible way, so we hope you've enjoyed reading about our year. The next pages are for anyone who wants to take a more in-depth look at the financial year.

If you can't make it, you can watch the meeting live from 3pm. You'll need to visit <https://web.lumiagm.com/157126923> and have your joining information to hand, which you'll find on your proxy voting form.



This leaflet gives you a summary of our financial performance. You can read more online at thecoventry.co.uk

Our full Annual Report & Accounts is available on our website or call us and we'll send you a copy.



Notice of the Society's 2023 Annual General Meeting

Notice is hereby given that the Annual General Meeting of Coventry Building Society will be held at the Coventry Building Society Arena on Thursday 27 April 2023 at 3pm for the following purposes:

Ordinary Resolutions

1. To receive the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31 December 2022.
The vote is advisory and Directors' remuneration is not conditional on it.
2. To approve the Directors' Remuneration Report for the year ended 31 December 2022.
The vote is advisory and Directors' remuneration is not conditional on it.
3. To approve the Remuneration Policy.
The vote is advisory and Directors' remuneration is not conditional on it.
4. To reappoint PricewaterhouseCoopers UK (PwC) as Auditors of the Society to hold office until the end of the next Annual General Meeting.

Election and re-election of directors

5. To elect David Thorburn as a director.
6. To re-elect Stephen James Hughes as a director.
7. To re-elect Iraj Amiri as a director.
8. To re-elect Joanne Louise Kenrick as a director.
9. To re-elect Shamira Mohammed as a director.
10. To re-elect Brendan O'Connor as a director.
11. To re-elect Lee Raybould as a director.
12. To re-elect Martin Alastair Stewart as a director.

By order of the Board

Gurdeep Boparai
Society Secretary

23 February 2023

The following notes form part of the Notice of Annual General Meeting.

You may vote in person at the Society's Annual General Meeting. Alternatively, you may use the proxy voting form or go online to appoint a proxy to attend and vote at the Meeting on your behalf. You may appoint the Chair of the Meeting or anyone else as your proxy, and your proxy does not have to be a member of the Society. Your proxy may vote for you at the Meeting, but only on a poll. You may direct your proxy how to vote at the Meeting. Your proxy may not speak at the Meeting except to demand or join in demanding a poll.

Meet our Board

The Board exists to set the Society's overall direction and safeguard our members' interests. Below, you can read a summary of each director's professional background and what their expertise adds to the Board. All the directors listed here will be standing for election or re-election at this year's AGM.



David Thorburn
Chair of the Board
Appointed to the Board: April 2022
Committee membership: Chair of the Board and the Nominations & Governance Committee, and member of the Remuneration and Non-Executive Directors' Remuneration Committees.

Experience

Over 40 years' experience in the banking industry including four years as Chief Executive of Clydesdale and Yorkshire Banks. Former Non-Executive Director at Barclays Bank UK PLC where he chaired the Board Risk Committee. Former External Member of the Bank of England's Prudential Regulation Committee. Former Independent Non-Executive at Ernst & Young LLP and Chair of its Audit Committee. Former Board member of the British Bankers' Association and Chair of the Confederation of British Industry in Scotland. Past President of the Chartered Institute of Bankers in Scotland.

External appointments

Independent Non-Executive at EYGS LLP and Chair of the Chartered Banker Institute 2025 Foundation.

'I was appointed Chair of the Board following last year's AGM, and am honoured to undertake this role for an organisation I admire for its purpose-led ethos and its focus on members. I believe the current economic challenges are redefining the social contract between business, the government and the public. The new consumer duty regulation, with its clear requirements to act in the interests of customers, is part of this. As a mutual, we've always placed members' interests at the heart of what we do. Our simple business model and track record of supporting people means we are well-placed to meet their expectations and our strong and balanced performance in 2022 shows why we face the future with confidence.'



Steve Hughes
Chief Executive Officer and Executive Director
Appointed to the Board: April 2020
Committee membership: Chair of the Non-Executive Directors' Remuneration Committee

Experience

Steve has broad transformation, financial and operational experience in senior and board level roles within financial services and consumer goods sectors. Before joining the Coventry, Steve had been Chief Executive of Principality Building Society, and Finance Director of the Lloyds Banking Group General Insurance businesses. Passionate about leadership, he has a strong belief in the benefit of the mutual model and is positive about the role a responsible business can have on society, as well as supporting colleagues to be the best they can be.

External appointments

Non-Executive Director on the main board of UK Finance and Chair of the audit and risk committee of UK Finance. Member of the BSA council. Advisory board member of the Money and Pension Service and member of the Payments Advisory Board for the Pennies Foundation.

'In a tough year for savers and borrowers the benefits of mutuality have never been more evident. As well as great value and service, our members expect us to do the right things for the wider community and keep their money safe and secure. In 2022 we delivered a strong and balanced performance across all these objectives. Throughout, we continued to offer competitive mortgage and savings rates, and supported more members than ever. The upgrades to both our digital services and our branches show we're committed to serving our members in whichever way they need us to. Thank you to our members, customers and partners for their continued support and loyalty.'



Iraj Amiri

Independent Non-Executive Director

Appointed to the Board: June 2018

Committee membership: Chair of the Board Audit Committee and member of the Board Risk Committee.

Experience

Partner with Deloitte for over 20 years, leading its national internal audit group and serving clients in the financial, retail and public sectors. Global Head of Internal Audit for Schroders Plc for over 10 years. Carried out numerous reviews of financial institutions including banks, building societies and insurance companies. Fellow of the Institute of Chartered Accountants in England and Wales, a past Fellow of the Royal Statistical Society and was a member of the Internal Audit Task Force of the Institute of Chartered Accountants in England and Wales for a number of years. Member of the Regulatory Decisions Committee at the Financial Conduct Authority for six years.

External appointments

Chair of the Audit and Risk Committee at the Development Bank of Wales Plc and Non-Executive Director. Chair of the Audit Committee and member of the Risk Committee at Aon UK Limited and Non-Executive Director of Eurocell plc.

‘Working for a mutual organisation, I’m wholly focused on the value and service we provide to members. Delivering value goes beyond financial return. It also means keeping your Society safe and secure in the short and long term, and anticipating and responding effectively to risks. Delivering excellent service includes giving you reliable information in a fair, balanced and understandable form. This lets you assess how well your Society is performing and how it serves you and contributes to the wider community. I regard achieving these aims as the core of my role.’



Jo Kenrick

Deputy Chair of the Board and Senior Independent Director

Appointed to the Board: November 2017

Committee membership: Chair of the Remuneration Committee. Member of the Nominations & Governance Committee and Board Audit Committee.

Experience

Early career at Mars Confectionery, Pepsi, and Asda, followed by executive roles at Camelot Group PLC, B&Q plc and Homebase Limited. CEO of Start, a Prince of Wales charitable initiative. Previous Board member at Principality Building Society and Safestore Self Storage Ltd.

External appointments

Non-Executive Director and Chair of the Remuneration Committee at Dŵr Cymru Welsh Water. Non-Executive Director and Chair of Remuneration Committee at Sirius Real Estate, Chair of PayM and of the Current Account Switch Service for Pay.UK.

‘Having worked in many customer-facing roles during my career, I’ve always felt very strongly that organisations which prioritise the long-term interests of their customers are the ones that not only succeed, but also create better workplaces for their people. That is what I value about the Coventry - the fact that the Board often talks about the needs and priorities of members, and that we are able to take decisions with that firmly set on our priority list. Because I see this happening in practice, I’ve had no hesitation recommending to my dad that he put savings with us. I know that we’ll treat him fairly and honestly and do our best. There is no greater recommendation I could give for the business.’



Shamira Mohammed

Independent Non-Executive Director

Appointed to the Board: May 2019

Committee membership: Member of the Board Audit Committee.

Experience

Chartered Accountant with over 20 years’ experience within the financial services sector. Currently Group Chief Accounting Officer at Athora, an insurance and reinsurance group focused on the pensions and insurance market. Previous executive roles at Aviva Plc and Phoenix Group plc including Finance Director for the Phoenix Life Division and Finance Acquisition Director.

External appointments

Group Chief Accounting Officer, Athora.

‘I am so proud to be part of an organisation that puts its members at the heart of all decision-making. We are focused on giving our members excellent service and long-term value but we don’t stop there, we also ensure we take care of our colleagues, our communities and wider society. At a time when many people are facing economic challenges, our social purpose is more important than ever. We’re delivering programmes that target homelessness and access to housing, support young people in preparing for work, and help people experiencing isolation and vulnerability. We are also continuing to evolve and transform our Society by investing in technology - not only to upgrade our own systems, but to give our members better digital capabilities. All this is key to the long-term sustainability of our Society.’



Brendan O'Connor

Independent Non-Executive Director

Appointed to the Board: January 2021

Committee membership: Member of the Remuneration Committee and Board Risk Committee.

Experience

Over 35 years' experience at Allied Irish Bank including Head of its Global Treasury Services, Head of Corporate Banking International and Head of Business Banking. Most recently on AIB Group leadership team as Head of Financial Solutions Group before becoming CEO of AIB UK plc in 2015.

External appointments

Non-Executive Director at Ford Credit Europe Bank plc.

'As we continue to upgrade and digitise our services, we're always conscious that the money being spent belongs to our members. This means it's important we get good value and invest efficiently. The sustainability of the Society for current members – and future generations – is at the forefront of our decision-making. We shouldn't differentiate ourselves on price alone, but on the total value of what we offer members – things like service standards, the human touch, multiple options for accessing our services, and long-term customer relationships. We're always conscious of our role as a mutual building society rooted in our communities, and the importance of contributing positively to these communities – and indeed, to the wider society.'



Lee Raybould

Chief Financial Officer and Executive Director

Appointed to the Board: April 2021

Committee membership: Member of the Non-Executive Directors' Remuneration Committee.

Experience

Qualified as a chartered certified accountant in 1997 and with over 30 years' experience in the building society sector including 24 years at Nationwide Building Society spanning finance, product, strategy and most recently as Chief Data Officer and a member of the Executive Committee.

External appointments

None

'In a year that was so strong for the Society – but which saw significant cost of living pressures – it made sense to us to put an extra £1m into our communities. The interest rate rises saw many members getting in touch with us for help and support – and we've given them exactly that. Our human service sets us apart and we must fight to protect it. I also believe strongly in rewarding loyal savers. In the last year, we've offered them some fantastic products that have proved really popular. Looking ahead to 2023, I would like us to commit to maintaining the investment we made in 2022.'



Martin Stewart

Independent Non-Executive Director

Appointed to the Board: September 2018

Committee membership: Chair of Board Risk Committee, member of the Board Audit Committee and Nominations & Governance Committee.

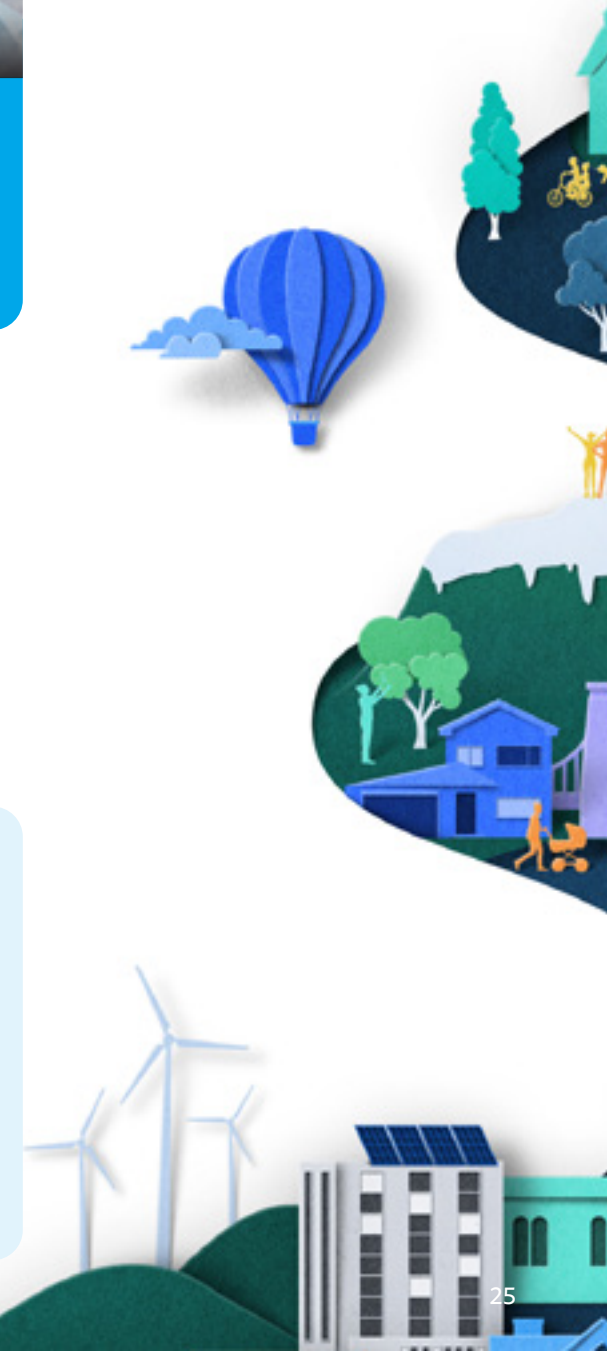
Experience

Wide-ranging experience within the financial services sector. Director of Banks, Building Societies and Credit Unions at the Bank of England and Head of UK Banks and Mutuals at the Financial Services Authority (now Financial Conduct Authority). Ten years in various senior roles at Yorkshire Building Society.

External appointments

Chair of Northern Bank Limited (Danske Bank UK), Advisory Board Member of OakNorth Bank plc and a visiting professor at the London Institute of Banking & Finance.

'Providing great service to our members' drives everything we do. In the past year, as the Bank of England raised interest rates, many more of our savings members wanted to talk to us, which stretched our ability to answer telephone calls quickly, in response, the whole business pulled together to make call answering our priority. Meanwhile, our contact centre and branches were proactive in reaching out to people who might be affected by the cost-of-living crisis. It is initiatives such as these that demonstrate the great people we have at the Society and I'm proud that we've been recognised as one of the best large organisations in the UK by the "Great Place to Work" programme.'





Retiring Directors

Some parting thoughts from Peter Frost and Catherine Doran, who are both stepping down from the Board after this year's AGM



Peter Frost

Chief Customer Officer and Executive Director

Appointed to the Board: November 2012
Committee membership: None

Experience

Over 30 years' experience working in the UK retail financial services sector, including serving as Operations Director of UK Retail Operations at Barclays Bank. Non-executive roles at Vaultex and Intelligent Processing Solutions. Chief Customer Officer, responsible for managing our day-to-day operations including our Customer Operations and Branch Network.

External appointments

Chair of Governors of Little Heath Primary School, Coventry.

'Last year, the high standards of service we expect of ourselves were tested. Members affected by rapidly changing interest rates and the cost-of-living crisis wanted to speak to us about the way they managed their savings and mortgages. I'm proud of the way colleagues responded to the challenge, making sure our members got the support they needed. Our investment in technology, taking on new telephony colleagues and refurbishing our entire branch network is proof of the Society's commitment to keep delivering fantastic service. After more than a decade on the board, I am more convinced than ever about the strengths of mutuality. I feel immensely privileged to have had the opportunity to help safeguard the interests of our members, and I wish the Society every success for the future.'



Catherine Doran

Independent Non-Executive Director

Appointed to the Board: August 2016

Committee membership: Member of the Board Risk Committee, Nominations & Governance Committee and the Remuneration Committee.

Experience

Previously Chief Information Officer of Royal Mail plc responsible for devising and delivering the IT strategy to support the business transformation agenda. Director at Network Rail Limited, leading a company-wide transformation programme. Other senior roles including BT, NatWest and Capital One.

External appointments

Non-Executive Director of Clearbank Limited.

'At Coventry Building Society, we have an unwavering focus on our members, our people, and our communities. And that has mattered a lot to me. Putting our members first is not just a slogan. At the Board, no big decisions are ever made without considering our members and how they will be impacted. We run the Society in a way which seeks to give back to them. Consistently paying our members savings rates above the market average is just one way we show this. In my six years on the Board, I have never seen us stray from that "members-first" guiding principle.'

Summary Financial Statement

For the year ended 31 December 2022

The Summary Directors' Report comprises pages 2 to 17 of this booklet. The Summary Financial Statement is a summary of information in the audited Annual Report & Accounts, Directors' Report and Annual Business Statement, all of which will be available to members and depositors online at www.thecoventry.co.uk from 1 March 2023.

The auditors' opinion on the full financial statements was unqualified.

Approved by the Board of Directors on 23 February 2023

David Thorburn
Chair of the Board

Steve Hughes
Chief Executive

Lee Raybould
Chief Financial Officer

Results for the year	Group 2022 £m	Group 2021 £m
Net interest income	657.3	476.2
Other income and charges	(1.6)	(1.4)
Net gains/(losses)	26.8	(6.6)
Total income	682.5	468.2
Administrative expenses	(294.8)	(263.5)
Impairment (charge)/release on loans and advances to customers	(16.6)	28.7
Charitable donation to Poppy Appeal	(0.6)	(0.6)
Profit before tax	370.5	232.8
Taxation	(84.3)	(42.0)
Profit for the financial year	286.2	190.8

Financial position at the end of the year	Group 2022 £m	Group 2021 £m
Assets		
Liquid assets	10,009.8	7,622.0
Loans and advances to customers	48,014.3	46,620.6
Hedge accounting adjustment	(1,595.3)	(295.4)
Derivative financial instruments	2,278.1	406.3
Fixed and other assets	160.2	176.2
Total assets	58,867.1	54,529.7
Liabilities		
Shares	42,288.7	39,890.2
Borrowings	13,207.2	11,907.3
Hedge accounting adjustment	(452.5)	(96.1)
Derivative financial instruments	626.5	219.8
Other liabilities	192.5	92.0
Subordinated liabilities	15.4	15.3
Subscribed capital	41.6	41.6
Total liabilities	55,919.4	52,070.1
Equity		
Reserves and other equity instruments	2,947.7	2,459.6
Total liabilities and equity	58,867.1	54,529.7

Summary key financial ratios	Group 2022 %	Group 2021 %
Gross capital as a percentage of shares and borrowings This measures how much capital we have to protect our members and other creditors against unforeseen eventualities.	5.46	4.87
Liquid assets as a percentage of shares and borrowings This measures our ability to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund general business activities.	18.2	14.7
Profit after tax for the year as a percentage of average assets The Group needs to make an adequate level of profit each year in order to maintain capital at a level which protects members and satisfies regulatory requirements.	0.50	0.36
Management expenses as a percentage of average assets Management expenses are the costs of running the Society. This ratio measures the Society's efficiency, with a lower number indicating greater efficiency.	0.52	0.50

These ratios are required by the Building Societies Act. We consider our performance using a broad range of measures which are shown on pages 2 to 17 and 32 of this document.

Independent auditors' statement on the Summary Financial Statement to the members of Coventry Building Society

We have examined the Summary Financial Statement of Coventry Building Society (the 'Society') set out on pages 28 and 29, which comprises the result for the year, the financial position as at 31 December 2022 and summary key financial ratios.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Summary Financial Statement, in accordance with the Building Societies Act 1986.

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

We also read the other information contained in the Annual Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement. The other information comprises only the Summary Directors' Report, as defined in the Summary Financial Statement and the Summary Directors' Remuneration Report.

This statement, including the opinion, has been prepared for and only for the Society's members as a body in accordance with

Section 76 of the Building Societies Act 1986 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

Our examination involved agreeing the balances in the Summary Financial Statement to the full Annual Accounts. Our report on the Society's full Annual Accounts describes the basis of our audit opinion on those Annual Accounts, the Annual Business Statement and the Directors' Report.

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 2022 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986, and the regulations made under it.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Birmingham
23 February 2023

Summary Directors' Remuneration Report

I am pleased to present a summary of our 2022 Directors' Remuneration Report. Our full Directors' Remuneration Report can be found in the Society's 2022 Annual Report & Accounts online at thecoventry.co.uk

This summary report contains information on our Remuneration Policy, which sets out how we pay our executive directors, and the remuneration each director received for 2022. The Annual Remuneration Report is submitted to a vote, by you, the members, each year at the Annual General Meeting. In addition, the Remuneration Policy is submitted to an advisory vote by members every three years and we will ask for your vote on the Policy again this year.

The directors' entitlement to remuneration is not conditional on the AGM vote. However, the Remuneration Committee will take account of your feedback.

Our policy for Directors' Remuneration

The Society's Remuneration Policy¹ is designed to ensure remuneration rewards executive directors for their skills, knowledge, responsibilities and performance. When making any decisions about pay and benefits the Society strikes a balance between the needs of employees, the needs of members to ensure cost-efficiency and the requirements of its regulators.

The review of the Policy has confirmed that it remains well aligned with the Society's mission, purpose, belief and values, and the expectations of our members. It supports the Society's ability to recruit, motivate and engage and retain great people and is consistent with our risk appetite. The Policy is designed to support the overall financial stability of the Society and its strategic priorities, by promoting sound and effective risk management and does not encourage excessive risk taking. Only one change is proposed to the Policy, related to the share-like instrument and further details can be found on page 34.

The key components of remuneration for executive directors are set out below:

Element	Operation
Base salary	Salary increases are reviewed annually in line with all colleagues at the Society and the principles which drive this review are consistent between executive directors and colleagues. Salary levels take into account experience, market data, the economic environment, individual and Society performance.
Benefits and pension	These include a company car or car allowance, private medical insurance, life assurance and permanent health insurance. Executive directors may participate in the defined contribution pension plan or receive a cash alternative should contributions exceed the annual or lifetime allowance and this is reviewed by the Remuneration Committee annually. The Chief Executive and Chief Financial Officer receive 10% of base salary for pension contributions and the Chief Customer Officer receives 15% as a legacy arrangement in line with members of the now closed defined benefit pension scheme. Future executive director appointees will receive 10% contribution, in line with the maximum potential for all new employees.
Annual Success Share bonus	This rewards performance over a single financial year across a balanced scorecard of measures (see below) and is provided to all eligible Society employees, including executive directors. An award of 10% of base salary is made for on target performance, up to a maximum of 20% of base salary for exceptional performance.
Annual Executive Variable Pay Plan (ExVPP)	The Society measures annual performance of the ExVPP against business performance which is assessed using the same balanced scorecard that determines the Success Share bonus. This accounts for 70% of the total award. Individual performance accounts for the other 30% of the award. This is assessed by reference to individual objectives, which are agreed at the outset. An award of 30% of base salary is made for on target performance, up to a maximum of 60% of base salary.

1. Our Remuneration Policy and approach follows the Prudential Regulation Authority's Code on Remuneration Practices and we apply the relevant provisions of the UK Corporate Governance code where applicable.

Our performance in 2022

The Society's balanced scorecard contains ten measures which are aligned to the business strategy and have equal weighting. This approach has member outcomes at its heart and protects against excessive risk taking. Despite the extremely challenging market conditions in 2022, the Society performed exceptionally well against its balanced scorecard targets. The Society outperformed against six of the ten performance targets which determine variable pay, performed in line with four measures and did not perform below target against any measures, as summarised below:

Performance measure	Performance target range	Performance result	Performance relative to target range
People and purpose-led			
Employee Engagement ¹	73%-77%	77%	On target
Savings Premium	>0.4%	0.62%	Above target
Environmental and Social measures for City and wider community	Qualitative assessment	Qualitative assessment ²	On target
Best at mortgages and savings			
Mortgage balance growth rate	1.5% - 2.5%	3.0%	Above target
Savings balance growth rate	1.5% - 2.5%	6.0%	Above target
Experience NPS – Average ³	+72 – 76	+75	On target
Brilliant product manufacturer			
Technology project, initiative and key capability delivery ⁴	Qualitative assessment	Qualitative assessment	On target
Financial plan execution			
Cost / income ratio	51% - 53%	43%	Above target
Profit before tax (£m)	£247m - £277m	£371m	Above target
Mortgage balances in arrears (%) ⁵	<0.15%	0.10%	Above target
Individual objectives			
3 main individual objectives	Chair of Board / CEO assessment	Chair of Board / CEO assessment	

- The 2022 engagement survey was provided by Great Place to Work (GPTW) Trust Index Score. The GPTW employee engagement score reflects the assessment as a large sized company.
- More detail can be found in the Sustainability Report within the Strategic Report section of the Annual Report & Accounts.
- Net Promoter Score (NPS) is a measure of customer advocacy that ranges between -100 and +100 which represents how likely a customer is to recommend our products and services.
- Technology project, initiative and key capability delivery is assessed against delivery and financial measures by the Board Change Forum.
- Percentage of mortgage balances where arrears are more than 2.5% of the balance.

Remuneration Summary for Executive Directors

Base salary

The annual review of salaries in April 2022 saw a pool of 6.0% which was targeted at those in our entry level grades and those who are low in their salary range. The CEO's salary increase was set at a level due to the relatively low positioning of base salary and total remuneration against comparator companies, strong performance and growth of the Society. This approach was consistent with that taken for other employees.

Variable pay

Given the performance outlined above, the Committee considered the vesting outcomes reflected the underlying business performance and risk appetite of the Society with an appropriate level of variable awards and determined an annual Success Share bonus of 18% of base salary for all eligible

employees, including executive directors, from a potential maximum of 20%.

For recipients of the ExVPP the performance metrics are split 70:30 between collective performance as determined by the outturn of the balanced scorecard, and individual performance as determined by the achievement of up to three strategically aligned individual goals. The individual goals are used to increase personal accountability for the delivery of key strategic targets. The Committee awarded an ExVPP bonus ranging from 46.8% to 51.3% of base salary to executive directors from a potential maximum of 60%, depending on whether individual goals were on or above target performance.

Total remuneration earned by each Executive Director

Audited information	Fixed remuneration				Variable remuneration			
	Base salary ¹ £000	Taxable benefit £000	Pension allowance ² £000	Total fixed £000	Success Share £000	ExVPP £000	Total variable £000	Total remuneration £000
2022								
Steve Hughes	530	10	53	593	97	277	374	967
Lee Raybould	402	9	40	451	73	208	281	732
Peter Frost	308	23	46	377	56	145	201	578
Total	1,240	42	139	1,421	226	630	856	2,277
2021								
Steve Hughes	500	13	50	563	75	225	300	863
Lee Raybould ³	289	6	29	324	43	118	161	485
Peter Frost	301	23	45	369	45	122	167	536
Total	1,090	42	124	1,256	163	465	628	1,884

- Base salary is the actual salary earned in the year and will differ from the current salary effective from 1 April.
- Pension allowance includes both contributions to the Group's defined contribution pension scheme and cash payments in lieu of contributions.
- The remuneration shown for Lee Raybould is from his joining date of 06 April 2021.

Deferral and retention

There is one change to the Remuneration Policy to highlight. The Committee have reviewed arrangements for the deferral and retention of executive variable pay. The Remuneration Code requires that 50% of variable pay is made in shares or, in the case of a non-listed business like the Society, an equivalent share-like instrument (SLI). From 2023 onwards, profit is replaced by leverage ratio (excluding AT1). This drives the mechanism for the SLI as it ensures the right financial discipline to preserve enough capital to support the growth of the Society and would provide a downside in an adverse event. The change also provides for an upside if the leverage ratio is exceeded. Further details can be found in the full Directors' Remuneration Report.

There are no other changes to the Remuneration Policy. The Committee considered the Policy in detail, with reference to both internal factors and the external landscape and remain confident that the structure and application of the Policy remain consistent with our values, regulatory expectations and remuneration objectives.

In 2022, all executive directors were above the regulatory deferral threshold and therefore their variable remuneration will be paid in instalments as set out below. The table shows the percentage (where applicable) of variable remuneration which will be paid to executive directors in each year.

Variable pay received		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
2022 performance period	%	-	20	20	-	6	12	12	12	12	6
2021 performance period	%	20	20	-	6	12	12	12	12	6	-

CEO pay ratio

The CEO pay ratio compares the Chief Executive's pay to the employee population. It is calculated using the 'single total remuneration methodology'¹ which includes salary, variable pay, pension and taxable benefits. It is calculated by identifying the median total remuneration as well as the total remuneration at the 25th and 75th percentiles.

For 31 December 2022, these are set out below:

		25th percentile £	Median £	75th percentile £
2022	Total pay and benefits	28,866	38,954	57,412
	Salary	25,122	34,484	49,107
	CEO pay ratio	32:1	25:1	16:1
2021	CEO pay ratio	32:1	24:1	16:1

1. Calculated in accordance with the Companies (Miscellaneous Reporting) Regulations 2018

Remuneration earned by Non-Executive Directors

Non-executive directors receive fees, which depend on their individual roles including whether they chair any committees, or hold positions such as Senior Independent Director or Deputy Chair. They are reimbursed for reasonable expenses but do not participate in any Society pension or bonus arrangements. Fees are reviewed annually, considering market data, annual pay increases awarded to all employees and the Society's performance.

Details of the Non-Executive Directors' remuneration

	Base fees	Committee chair and other fees	Expense payments	Total fees and expense payments	Base fees	Committee chair and other fees	Expense payments	Total fees and expense payments
Audited information	2022 £000	2022 £000	2022 £000	2022 £000	2021 £000	2021 £000	2021 £000	2021 £000
Non-Executive Directors								
David Thorburn ¹	129	-	5	134	-	-	-	-
Gary Hoffman ²	59	-	-	59	181	-	-	181
Peter Ayliffe ³	-	-	-	-	16	2	-	18
Iraj Amiri ⁴	54	15	4	73	53	14	2	69
Catherine Doran ⁵	54	-	2	56	53	-	1	54
Jo Kenrick ⁶	54	25	1	80	53	22	1	76
Shamira Mohammed ⁷	54	-	1	55	53	-	1	54
Brendan O'Connor ⁸	54	-	1	55	50	-	1	51
Martin Stewart ⁹	54	15	3	72	53	14	1	68
Total	512	55	17	584	512	52	7	571

- Chair of the Board from 28.04.22.
- Chair of the Board to 28.04.22.
- Non-executive director to 22.04.21.
- Non-executive director from 28.06.18 and Chair of the Board Audit Committee from 18.09.18.
- Non-executive director from 01.08.16.
- Deputy Chair of the Board from 22.04.21; Senior Independent Director from 24.04.19 and Chair of the Remuneration Committee from 26.04.18.
- Non-executive director from 01.05.19.
- Non-executive director from 18.01.21.
- Non-executive director from 01.09.18 and Chair of the Board Risk Committee from 25.09.18.

On behalf of the Board

Jo Kenrick
Chair of the Remuneration Committee
23 February 2023