SUMMARY FINANCIAL STATEMENT

2013

the COVENTRY

TLC not PLC

Summary Financial Statement 2013

The directors are pleased to present the Summary Financial Statement for the year ended 31 December 2013.

Summary Directors' Report

Prescribed Statement

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 free of charge on demand at every office of Coventry Building Society from 10 April 2014. The auditors' report in relation to the full financial statements was not qualified in any respect.

Approved by the Board of directors on 27 February 2014.

Ian Pickering Chairman **David Stewart** Chief Executive **John Lowe** Finance Director

We are pleased to report a very strong performance by the Society. Our financial strength can clearly be seen in the consistency of this performance, but equally important is our commitment to protecting members' interests.

Over the past decade the Society has experienced market extremes from a housing boom to a global financial crisis. Throughout these extremes, Coventry has provided long-term value, a safe home for savings and has helped increasing numbers of members to buy their homes.

The consistency of this performance is probably its most remarkable attribute. In more benign conditions, the Society was judged by some to be overly cautious. We believe this approach is better described as prudent, a quality which has proved equally appropriate for the Society and its members in the more challenging times since the onset of the credit crisis.

As a mutual organisation, Coventry is owned by its savers and borrowers and its responsibility is to put their interests first. We believe this lies at the heart of what the Society has achieved in delivering security, fairness and value for its members.

However, mutual ownership, whilst directing the Society's objectives, does not in itself ensure a successful performance. In 2013, as in previous years, the failings of financial services organisations were not defined by their structure, scale or ownership, but rather by the decisions they took.

Coventry's success is based on the values that govern its decisions and its ability to implement these decisions effectively. The simplicity of the business model requires close control over costs, risks and margin, and collectively this underpins the Society's financial strength and its ability to compete. Equally, its commitment to members extends to meeting their service expectations and here too the Society has proved a reliable and trusted organisation.

Mortgages

In 2012, Coventry was the UK's seventh largest lender for new lending, having entered the top 10 for the first time in 2008[1]. This year we expect to also become one of the top 10 for outstanding balances.

The Society advanced £5.9 billion (2012: £5.1 billion), a record performance and one that continues a trend of growth which has resulted in around a four-fold increase in market share since the end of December 2006. The Society once again recorded positive net lending, with organic growth in mortgage balances of £2.1 billion, equivalent to 19% of all UK mortgage growth in the year[2].

It is of particular note that this has been achieved without recourse to higher risk lending. The Society's aim to protect its members' interests is based on the need to lend responsibly to individual borrowers and, by doing so, to protect the financial strength of the Society as a whole.

At a time of extremely low interest rates, the affordability of current lending must be judged by the likelihood of interest rate rises in the future. We must also take account of worsening economic conditions should the recent recovery not be sustained. The Society has taken great care to lend responsibly, and its success is clearly shown by levels of arrears, impairments and repossessions which are amongst the lowest in the industry. We will continue to follow this prudent approach in the future.

Retail savings

Sometimes the performance of building societies is judged solely by the volume of lending. However, the membership consists of savers as well as borrowers.

On average, the Society operates nine savings accounts for each mortgage. The credit crisis has shown beyond doubt that a building society has an equal and fundamental responsibility to protect the interests of its savers – keeping their deposits secure and offering them a fair return over the long-term.

Coventry has one of the strongest track records in the UK financial services sector of protecting savers from the impact of sustained low interest rates.

Over the last six years, the Society has paid the highest average savings rate[3] of any top 10 building society. In April 2013, we took what we believe to be a unique decision amongst high street banks and building societies to raise the rate paid on existing easy access variable rate cash ISAs to a market leading 2.50%. Existing ISA holders with the Society[4] could transfer cash ISAs held with Coventry and other institutions to benefit from this rate.

1 Source: Council of Mortgage Lenders.
2 Source: Bank of England.
3 Average rate estimate based upon interest payable on shares divided by average of opening and closing share balances, as disclosed in Annual Report & Accounts (2007 to 2012).
4 At the close of business on 4 February 2013.

At 31 December 2013, no Coventry member earned less than 2.00% on any of their ISA savings against a market average variable cash ISA rate of 1.09%[2]. Indeed, of the Society's ISA balances, 98% earned equal to or more than 2.50% at 31 December 2013.

This encouraged more members to make use of their cash ISA allowance and resulted in the Society increasing its market share of UK cash ISA balances by 60%[2]. The Society's commitment to the ISA sector is also shown by the fact that its cash ISAs have been in the national press best buy tables for 100 consecutive weeks, whilst the Junior ISA has been a national press best buy every week since it was launched in April 2012[5]. In this context, in light of this track record, Coventry has a strong case for being considered the UK's number one cash ISA provider, often the foundation of people's long-term savings.

The competitiveness of the Society's range of savings accounts, both ISA and non-ISA, was also shown by an increase in new account openings, up 30% on 2012.

This was supported by the continuing relationship with The Royal British Legion. The 2013 Poppy ISA proved to be the fastest selling Coventry product since records began[6], and we expect that the total donation raised through this innovative partnership since it began in 2008 will exceed £10 million in 2014 – a fitting achievement in the centenary year of the First World War.

The Society also raised over £200,000 for Cancer Research UK with its inaugural Race for Life Bond, maintaining its position as the leading provider of competitive charitable affinity accounts. We have been recently recognised in this regard through the award of Best Affinity Account Provider from Savings Champion.

2013 was also notable for the impact of the Funding for Lending Scheme, with many providers reducing savings rates significantly during the year. Where possible the Society took a different route, for example benefiting existing savers directly by increasing the easy access, variable cash ISA rate from 6 April 2013, and, where rates have been reduced, we have maintained the best buy status of many Society accounts.

The result, at the end of 2013, was that 85% of variable rate savings balances held at the Society were earning equal or more than the equivalent best buy offered by any high street bank or building society[7].

The impact of these decisions was an increase in retail funding of £1.2 billion with overall balances reaching a record £21.3 billion. In an environment in which many members saw a substantial erosion in the value of their savings, with government funding available at far lower rates than in the retail market, this increase represents a significant commitment to the Society's savings members.

2 Source: Bank of England.

5 Best buy tables published in the national press.

6 Most accounts opened within the first 31 days.

7 As at 31 December 2013. Average deposit assumed as follows: Variable - £10,000 and ISAs £5,760. Excludes competitor products with restricted availability (e.g. existing customers only, Sharia accounts or reliant on maintaining or opening another product with the same provider) and Coventry Current/MoneyManager and Offset accounts. Source: Moneyfacts data.

Strong and secure

It is equally important that the Society continues to retain sufficient profit to generate the capital needed to support growth and meet regulatory requirements. Notwithstanding the Society's extremely strong risk weighted capital ratios, the introduction of additional regulatory requirements requires the careful balancing of our commitment to savers against the level of profitability that is achieved.

Despite profits significantly increasing in 2013 this commitment to savers has moderated the Society's performance. Whilst the decision to do this is a clear indication that a mutual business model can balance these interests and deliver genuine benefits to its members, the ability to do it is dependent on the Society's control of costs, risks and net interest margin.

Coventry has been the most cost-efficient building society in the UK for some years, and in 2013 its cost to mean asset ratio of just 0.39% remained sector-leading by a significant factor.

We have already talked about the importance of lending responsibly and the resulting low levels of arrears and impairments. Arrears levels remain substantially less than half the industry average[8], and in 2013 impairment charges totalled just £6.3 million, from a loan book in excess of £24.1 billion.

The combined result was market leading savings rates[7], an increase in underlying profit before tax[9] of 62%, and the transfer of an additional £101.3 million to the Society's reserves.

Sustainable profits, low costs and impairments, and a sector-leading risk weighted capital ratio, support the Society remaining 'A' rated by both Fitch and Moody's. This makes it one of the most highly rated banks or building societies in the UK and the only major high street bank or building society not to be downgraded in the last four years.

Putting Members First

The success of the Society's financial performance cannot be seen in isolation of the decisions taken to protect the interests of its members.

We believe what makes Coventry genuinely different from many of its competitors is its ability to deliver the right outcomes to its members whilst maintaining the financial strength of the organisation.

The mis-selling of Payment Protection Insurance (PPI) remains a constant reminder that profit should not be sought at the expense of customers. Coventry has been relatively unaffected by this scandal due to decisions regarding the product design and sales process.

7 As at 31 December 2013. Average deposit assumed as follows: Variable - £10,000 and ISAs £5,760. Excludes competitor products with restricted availability (e.g. existing customers only, Sharia accounts or reliant on maintaining or opening another product with the same provider) and Coventry Current/MoneyManager and Offset accounts. Source: Moneyfacts data.

8 As at 30 September 2013. Source: PRA.

9 Underlying profit before tax, equates to statutory profit before tax adjusted for a charge of £15.4 million (2012: £7.6 million) in respect of the Financial Services Compensation Scheme (FSCS) and a £2.8 million gain (2012: £0.1 million gain) on net gains from derivative financial instruments.

Recent events have also drawn attention to continued poor sales practices at other financial institutions. Sales incentive schemes have frequently been cited as a major reason for customer detriment. By contrast Coventry's customer-facing staff do not have sales targets, let alone sales incentives. Indeed, we largely moved away from even modest individual bonus arrangements as long ago as 2008.

This focus on doing the right things is supported by continued investment in listening to our members.

Our Coventry-based call centre has won awards at the European Call Centre & Customer Service Awards twice in the last four years, including Best Banking & Financial Services Contact Centre. Given this accolade, it is perhaps understandable that independently undertaken surveys placed it as the highest scoring financial services centre for customer satisfaction in two out of the last three years.

Customer advocacy scores, the degree to which a customer will recommend you to friends and family, amongst our branch network customers are exceptionally strong, averaging 86% in 2013.

This commitment to improving service is shown both by the low number of complaints received by the Society but equally its track record in resolving these in favour of our members. In the first half of 2013, only five complaints referred to and reviewed by the Financial Ombudsman Service were changed in favour of the complainant, a strong record that the Society expects to be reflected when industry-wide statistics for the second half of the year are published.

At its core, getting our service right depends on employing knowledgeable and motivated members of staff.

The Society works hard to recruit and retain individuals who understand and are keen to put into practice the values of the organisation. It is particularly encouraging that, in the annual employee opinion survey, staff expressed clear understanding of the Society's aims and values and were extremely supportive of them.

This extends not only to the Society's work on behalf of members, but also on behalf of the wider community.

We are pleased to report that we continue to increase the support given to local and national charities, both through our organisational expertise and the enthusiasm and skill of members of staff. Through a combination of fundraising, volunteering and affinity activities, the total community investment supported by the Society in 2013 was £2.3 million.

A key part of this activity has taken place at a local level with many successful community partnerships now established between branches, head office teams and community groups. Further support continues to be provided through the Coventry Building Society Charitable Foundation. In 2014, we expect total donations to the Foundation to reach £1 million since its inception in 1998.

Summary

We noted at the outset that in 2013 the Society has achieved another strong performance.

The Society exists to serve the interests of its members. What makes Coventry genuinely different is that its performance has matched this commitment. In delivering competitive interest rates to savers and borrowers, and meeting their service expectations, it has also remained financially secure and grown stronger through a global credit crisis.

This has not been without challenge. Over the period of the financial crisis, the operating environment has become more complex and, in some respects, more hostile. Notwithstanding recent improvements in economic data, it is clear that significant challenges remain.

However, at a time when many elements of the financial services sector continue to fall short of public expectations, Coventry Building Society has shown that focusing on the needs of its members and remaining a strong and profitable organisation are not mutually exclusive.

We hope that economic recovery is a reality. There can be no room for complacency. But should it stall, we are confident that the Society remains well placed to maintain its position as a trusted, successful and growing organisation, holding firm to its values of prudence and fairness.

Ian Pickering Chairman

David Stewart Chief Executive

Summary Financial Statement

For the year ended 31 December 2013

Results for the year	Group 2013 £m	*Group 2012 £m
Net interest income	**253.1**	186.9
Other income and charges	**9.3**	12.5
Net gains from derivative financial instruments	**2.8**	0.1
Total income	**265.2**	199.5
Administrative expenses	**(108.9)**	(98.6)
Impairment losses on loans and advances to customers	**(6.3)**	(9.6)
Provisions for liabilities and charges	**(0.9)**	-
Provision for FSCS levies	**(15.4)**	(7.6)
Charitable donation to Poppy Appeal	**(1.6)**	(1.9)
Operating profit before exceptional item	**132.1**	81.8
Gain on pension curtailment	**-**	9.3
Profit before tax	**132.1**	91.1
Taxation	**(30.8)**	(21.6)
Profit for the financial year	**101.3**	69.5

Financial position at end of year	Group 2013 £m	*Group 2012 £m
Assets		
Liquid assets	**3,887.4**	4,476.1
Loans and advances to customers	**24,117.1**	22,018.9
Hedge accounting adjustment	**(8.4)**	86.8
Derivative financial instruments	**191.2**	279.6
Fixed and other assets	**66.0**	72.4
Total assets	**28,253.3**	26,933.8
Liabilities		
Shares	**21,311.7**	20,110.5
Borrowings	**5,438.5**	5,050.1
Hedge accounting adjustment	**89.5**	240.4
Derivative financial instruments	**213.6**	411.2
Other liabilities	**85.3**	89.6
Subordinated liabilities	**58.2**	58.1
Subscribed capital	**161.5**	161.4
Total liabilities	**27,358.3**	26,121.3
Equity		
Reserves	**895.0**	812.5
Total liabilities and equity	**28,253.3**	26,933.8

* Restated following the implementation of International Financial Reporting Interpretations Committee (IFRIC) 21 Levies

Key financial ratios	Group 2013 %	*Group 2012 %
Core Tier 1 capital ratio	**24.3**	23.6
Liquid assets as a percentage of shares and borrowings	**14.5**	17.8
Gross capital as a percentage of shares and borrowings	**4.17**	4.10
Profit for the year as a percentage of average assets	**0.37**	0.27
Management expenses as a percentage of average assets	**0.39**	0.38

* Restated following the implementation of International Financial Reporting Interpretations Committee (IFRIC) 21 Levies

The percentages have been calculated from the Group 'Results for the year' and 'Financial position at end of year'. Shares and borrowings represent the total of shares, amounts owed to credit institutions, amounts owed to other customers and debt securities in issue. Average assets are the average of the Group's 2013 and 2012 total assets (2012: average of the Group's 2012 and 2011 total assets).

Core Tier 1 capital ratio
The Core Tier 1 capital ratio measures the Group's Core Tier 1 capital, which comprises the general reserves adjusted for the defined benefit pension scheme surplus, intangible assets and 50% of the excess of expected losses on loans and advances to customers calculated on an Internal Ratings Based (IRB) approach, over accounting provisions, as a percentage of its risk-weighted assets. The Group calculates its capital requirement under Basel II using the IRB approach for prime residential and buy-to-let mortgage exposures (excluding £0.5 billion of mortgages acquired from Bank of Ireland), and the standardised approach in calculating the capital requirements for other risk areas.

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

Gross capital as a percentage of shares and borrowings
The gross capital ratio measures the Group's capital as a percentage of shares and borrowings. The Group's capital consists of profits accumulated since its establishment in the form of reserves, subordinated liabilities and subscribed capital which cannot be repaid

in priority to ordinary members. Capital provides a financial cushion against unforeseen eventualities that might arise in the Group's business and ensures that members and other creditors are properly protected.

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

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

Summary Directors' Remuneration Report

A full copy of the report is contained in the Annual Report & Accounts. It describes the Society's policy for the remuneration of executive and non-executive directors who are equally responsible for directing the Society's affairs.

The Society is subject to the Financial Conduct Authority's (FCA) Remuneration Code, and the additional requirements regarding remuneration disclosure in compliance with Capital Requirements Directives (CRD III and IV).

Responsibility for the approval and review of the Society's remuneration policy rests with the Remuneration Committee, consisting of non-executive directors and chaired by Bridget Blow, Deputy Chairman and Senior Independent Director.

It takes account of industry best practice as advised by the FCA and reviews the remuneration policies of the Society's peer group and other businesses of a similar size and complexity.

The Remuneration Committee also uses independent third party pay data from consultants Towers Watson, whilst Deloitte LLP has provided advice on the remuneration of executive directors and senior management. In 2013 the Remuneration Committee met six times.

Policy for executive directors

The policy of the Board is to recruit and retain high calibre executive directors and ensure that their remuneration reflects their responsibilities and performance.

The UK Corporate Governance Code states that 'a significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance'. These elements should be 'stretching and designed to promote the long-term success of the company'. Therefore some variable pay arrangements are necessary for the Society to meet the requirements of the Code.

The Remuneration Committee recognises that the use of carefully controlled performance related pay, which enables a flexible approach to remuneration, is in the best interests of the Society and its members. It enables payments to be aligned to results and ensures that the Society's costs are reduced if for any reason financial performance deteriorates. The Committee believes that a combination of short and long-term plans supports this objective.

It is equally clear that these payments must not be excessive, and variable pay is limited to a maximum of 60% of fixed pay, which is within the fixed to variable pay cap defined in CRD IV.

Whilst the Remuneration Committee accepts that best practice requires that a significant proportion of remuneration should be paid by way of variable, performance related pay, it is alert to the risk of excessive payments and therefore it sets the potential for variable remuneration at levels broadly in line with our peer group of major building societies and significantly lower than other financial institutions.

In addition the FCA Remuneration Code requires that at least 50% of any variable remuneration for Code Staff, where variable pay could exceed 33% of total remuneration, is paid in an equivalent share-like instrument and retained for a further period of at least six months. Variable remuneration, including any retained element, can be withdrawn or reduced at the discretion of the Committee.

The Committee has considered the results of the Society's annual benchmarking exercise, which includes a comparison of the total remuneration of the Society's executive directors and senior management with that paid at the eight largest building societies and mutual lenders in the UK.

In 2012 Deloitte LLP conducted an independent review of the remuneration of the executive directors. Deloitte's review encompassed the Society's comparator group and businesses of a similar size and complexity in the FTSE 250. In April 2013 the Remuneration Committee reviewed executive pay taking into account Deloitte's findings. Deloitte LLP conducted a similar exercise in 2013 and found that for most roles pay remains below median of comparator groups.

The principal elements of the Society's remuneration packages are as follows:

a) Base salary

Base salary levels for all staff are reviewed annually, taking into account comparative data from other building societies and the performance of the individual. The aim is to pay market median rates for experienced staff, who are performing to a good standard. The Remuneration Committee approves an annual cost of living increase to base salaries, normally effective from 1 April.

b) Annual performance incentive pay scheme

All eligible staff participate in a discretionary annual performance related pay scheme. Eligibility is dependent upon satisfactory individual performance, although the amount paid is determined by the performance of the Society as a whole. It applies to all staff on the same terms, including executive directors and senior management but not non-executive directors. No member of staff is incentivised on the basis of individual or team sales targets.

The scheme requires a target level of profit before tax and certain exceptional items to be achieved, with the Board retaining the right to amend this. The Remuneration Committee also considers the Society's non-financial performance, covering; member satisfaction, competitiveness of rates, operational performance, member and staff engagement, and risk and compliance. The maximum award for substantial over-performance is 20% of base annual salary and there is no guarantee that a payment will be made.

The strong performance of the Society in 2013 gave rise to a calculated bonus for all 1,956 eligible members of staff equivalent to 14% of base salary.

c) Long Term Incentive Plan

The Long Term Incentive Plan (LTIP) links the remuneration package of executive directors and senior managers to the long term interests of members by assessing the Society's performance over a three year measurement period. The Remuneration Committee considers a number of criteria, for example; member satisfaction, member engagement, risk management factors, regulatory record, overall financial performance relative to other building societies and economic conditions plus other relevant factors.

The LTIP payment is calculated as a percentage of base annual salary at the time the LTIP was granted, with 50% of the vesting LTIP award being paid in the form of an equivalent share-like instrument and retained for a period of six months. Payments are subject to approval by the Remuneration Committee and are not pensionable.

In the period 2011-2013, the Society achieved outstanding results, exceeding substantially the targets set in its plans for the period, including: growth in savings and mortgage market share, competitive products, record of member service, low complaints, maintenance of the Society's sector-leading cost-efficiency and capital position, sustained profitability, and strong ratings from credit rating agencies that rate the building society sector.

Taking into account both overall performance and that against the specific 2011 LTIP targets, the Remuneration Committee approved a payment for each participant equivalent to 40% of base salary for executive directors and 20% of base salary for senior management. Base salary is set as the salary for each participant at the date of the original 2011 grant.

In 2013, an LTIP grant was made for the three year period from 2013-2015. An on-target performance will provide a 10% of salary payment for executive directors and a 5% of salary payment for other senior management, with a current maximum of 40% (executive directors) or 20% (senior management) for substantial over-performance.

d) Pension arrangements

Coventry Building Society offers a Group Personal Pension (GPP) scheme – a defined contribution pension scheme – to all staff including executive directors. It is compliant with current pensions auto-enrolment regulations. The GPP scheme replaces two previous schemes - a final salary scheme which closed to new entrants in 2001 and to existing scheme members for future accruals in 2013, and a Stakeholder Scheme.

Full details of executive directors' pension benefits can be found in the Annual Report & Accounts (note 11).

e) Other benefits

Each executive director is provided with a fully expensed car or cash alternative, and personal membership of a private medical insurance scheme.

Non-executive directors

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

A Committee consisting of the Chairman, Chief Executive and Finance Director is responsible for the remuneration of non-executive directors (with the exception of the Chairman). No non-executive director takes part in the discussion of his or her own remuneration. Recommendations for the remuneration of the Chairman are made by the Remuneration Committee and approved by the full Board without the participation of the Chairman.

The fees of the non-executive directors are reviewed annually in light of their responsibilities and comparative information from other building societies and financial institutions. The fees set in 2013 reflected the findings of the work undertaken in 2012 which reviewed fees paid by the Coventry's peer group of building societies and FTSE 250 companies of a similar size to the Coventry.

Non-executive directors do not participate in any performance related pay or bonus scheme, pension arrangements or other benefits.

Directors' emoluments are disclosed in note 11 to the Accounts.

Directors' emoluments

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

	Salary £000	Annual bonus[1,2] £000	Long Term Incentive Plan[2,3] £000	Pension contributions[4] £000	Increase in accrued pension[4] £000	Taxable benefit £000	2013 Total £000	2012 Total £000
Executive directors:								
David Stewart	**420**	**60**	**128**	**-**	**1**	**124[5]**	**733**	661
John Lowe	**279**	**40**	**74**	**28**	**-**	**13**	**434**	389
Colin Franklin	**156**	**22**	**55**	**51**	**12**	**16**	**312**	266
Peter Frost (Appointed 01.11.2012)	**224**	**32**	**-**	**22**	**-**	**24**	**302**	49
Feike Brouwers (Appointed 24.04.2013)	**171**	**26**	**33**	**17**	**-**	**36**	**283**	-
Total	**1,250**	**180**	**290**	**118**	**13**	**213**	**2,064**	1,365

1. The performance of the Society during 2013 gave rise to a payment for all 1,956 eligible members of Coventry staff (2012: 1,794), including executive directors, equivalent to 14% (2012: 12%) of basic salary. For payments awarded to executive directors for 2013, 50% of the annual bonus will be paid in March 2014, and the balance in the form of an equivalent share-like instrument retained for a further period of 6 months and subject to performance adjustment during the retention period.
2. Payments made under the Long Term Incentive Plan (LTIP) are in relation to the performance of the three financial years 2011, 2012 and 2013. The Remuneration Committee approved a payment of 40% (2012: 38.9%) of base salary at the date of the Deed of Grant to participants in the scheme at that date, reflecting the Group's performance over this period. For payments awarded to executive directors for 2013, 50% of the LTIP will be paid in March 2014, and the balance in the form of an equivalent share-like instrument retained for a further period of 6 months and subject to performance adjustment during the retention period.
3. Feike Brouwers was granted an award in relation to the 2011 and 2012 LTIPs on a pro rata basis to meet the value of existing incentives foregone when he left his previous employment. The Remuneration Committee is satisfied that the value of incentives granted is not greater than those relinquished.
4. John Lowe, Feike Brouwers and Peter Frost are active members of the Group's defined contribution pension scheme. David Stewart ceased to be a member of the Society's pension arrangement on 31 March 2013.
5. David Stewart left the Society's defined benefit scheme in 2006. Taxable benefits include payments equivalent to 25% of base salary in respect of the value of benefits foregone.

	2013 £000	2012 £000
Non-executive directors:		
Ian Pickering (Appointed as Chairman, 01.01.2013)	**130**	62
Janet Ashdown (Appointed 18.09.2013)	**13**	-
Peter Ayliffe (Appointed 01.05.2013)	**29**	-
David Harding (Chairman, retired 31.12.2012)	**-**	100
Bridget Blow (Deputy Chairman, Senior Independent Director and Chairman of the Remuneration Committee)	**60**	53
Roger Burnell (Appointed as Chairman of the Board Risk Committee 01.01.2013)	**56**	41
Ian Geden	**44**	41
Fiona Smith (Retired 25.04.2013)	**14**	41
Glyn Smith (Chairman of the Board Audit Committee and Models Rating Committee)	**62**	53
Total	**408**	391

No pension contributions were made for non-executive directors.

On behalf of the Board

Bridget Blow
Chairman of the Remuneration Committee
27 February 2014

Statement of the auditors to the members and depositors of Coventry Building Society

Pursuant to Section 76 of the Building Societies Act 1986, we have examined the Summary Financial Statement of Coventry Building Society for the year ended 31 December 2013 which comprises the 'Results for the year', 'Financial position at end of year' and 'Key financial ratios', comprising pages 8 and 9, and the directors' emoluments disclosures on page 14.

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

Respective responsibilities of directors and auditors

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

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Summary Financial Statement with the full annual financial statements, the Directors' Remuneration Report and the Directors' Report, and its compliance with the relevant requirements of Section 76 of the Building Societies Act 1986 and the regulations made thereunder.

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

Basis of opinion

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the Coventry Building Society's full annual financial statements describes the basis of our opinion on those financial statements, the Directors' Remuneration Report, and the Summary Directors' Report.

Opinion

In our opinion the summary financial statement is consistent with the full annual financial statements, the Summary Directors' Report and the Directors' Remuneration Report of Coventry Building Society for the year ended 31 December 2013 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986, and the regulations made thereunder.

Ernst & Young LLP
Registered Auditors
London

27 February 2014

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

Our telephone advisors are available Monday to Friday 8am-8pm, Saturday 9am-5pm, Sunday 10am-4pm. Telephone self-service is available 24 hours a day, 365 days a year. Contact your service provider for details of call charges, as costs may vary. We may monitor, record, store and use any telephone, email or other communication with you for training, crime prevention purposes and to check and improve the quality of our customer service. Information correct at time of going to print (March 2014) and may be updated and amended at any time.

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

thecoventry.co.uk

or call our Customer Service Centre on

0845 7665522

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