

# Our 2023 annual review and 2024 Annual General Meeting



# A warm welcome to the story of our year

As a member, you're more than a customer. We want you to know more about your Society and how we 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. You can also read what being a mutual means, how you can benefit from better value and service – and how we support you, your family and your community.

Of course, the booklet also contains all the details you'll need about how to get to our Annual General Meeting, or how to join online. 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.



# Key highlights of the year

Here's a glance at some of the stand-out figures from 2023.

## Member value

**£342m**

Value returned to members<sup>1</sup>  
(2022: £230m)

**12.5%**

Savings balance growth  
(2022: 6.0%)

**4.7%**

Mortgage balance growth  
(2022: 3.0%)

**0.26%**

of mortgages more than 3 months in arrears  
(2022: 0.17%)

Find out on page 6 how we balance saving and borrowing

## Service, our community and colleagues

**+76**

Net promoter Score<sup>2</sup>  
(2022: +75)

**105**

Seconds average call waiting time<sup>3</sup>  
(2022: 207 seconds)

**£3.1m**

Total community investment<sup>4</sup>  
(2022: £3.2m)

**81%**

Great Places to Work Trust Index Score<sup>5</sup>  
(2022: 77%)

See how we're servicing our members on page 8

Head to page 14 to read about the difference it's making

## Sustainable financial performance

**£474m**

Profit before tax  
(2022: £371m)

**1.26%**

Net interest margin  
(2022: 1.16%)

**39.4%**

Cost to income ratio  
(2022: 43.2%)

**5.4%**

UK leverage ratio  
(2022: 5.2%)

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.
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 2023 and 31 December 2023.
4. Total community investment made by the Society in 2023 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

As a member owned organisation we listen when you tell us that value, service, security and making a difference to your family and community are what matters most. In 2023 we returned more value to you, our members, backed up by the service and security you expect while investing for the future and supporting your local communities.

**2023 continued where 2022 left off, with the Bank of England raising interest rates to tackle high inflation. This was good news for savers, but challenging for borrowers, already coping with the day-to-day rise in the cost of living. Our priority has been to balance the needs of all our members, and offer you the value, service, and security you can rely on in times of uncertainty. We will always make decisions in the long-term interest of the whole membership.**

In a year of uncertainty, we have supported our savings members. We've been quick to raise our savings rates and kept you informed as we've done so. We've recognised your trust in the Society with a range of loyalty savings accounts, as well as doing more to encourage good savings habits. We've increased our member premium, paying significantly more interest than the market average. Doing the simple things right has helped attract more members, and more savings to the Society, and we've delivered a great service, throughout the year, despite the increased demand.

I also understand the impact of significantly higher borrowing costs on homeowners. I'm very proud of the work done by my mortgage colleagues in supporting borrowers who needed help and working with intermediary partners through these challenging times, and proud too that we helped over 14,000 people, including 6,300 first time buyers.

This booklet talks more about our performance in 2023. A strong financial performance and a conscious decision to enhance our capital position – it makes your Society stronger. We have invested in technology and digital services as well as undertaking brilliant initiatives to support colleagues and our local communities. I'm proud of what we have delivered.

For me, there is a clear connection between mutual ownership and long-term stability and security. Our simple business model allows us to deliver great value, service and support to you and your families today, whilst delivering the financial strength that enables us to face the future with confidence. In doing these things we make a tangible and very positive difference to society.

I'd like to thank my colleagues for their hard work and dedication, professionalism, and commitment, and you, our members, for your loyalty, trust, and continued support.

**Stephen Hughes**

Chief Executive  
28 February 2024

**Our mutual business model is robust and we'll continue to provide the value, service and security our members expect.**







# Mutual values

**We help your money work for you. Whether you're a saver or a borrower, our aim is to make you better off through life.**

## 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. Our income comes from the interest our borrowers pay on their mortgage loan.

**Which? Recommended Provider for Savings Accounts (October 2023).**



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.

## 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 £342 million of interest to our members<sup>1</sup> 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.

And that goes for our youngest members too. We're here to help children learn about smart savings habits from the age of seven. In fact, our 'Young Saver' product was so popular we doubled our account openings last year.

## 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 loyalty products designed specifically for members. Over half of the over 145,000 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 2023.

We've also been there for mortgage customers who needed support in these difficult times. We've been proactive in contacting borrowers as early interventions can make the biggest difference. And we give access to debt advisers to provide the best help we can.

**We paid an extra £342 million of interest to our members<sup>1</sup> than if we'd just matched the average rates paid in the market.**



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.



# Service that stands out

We're passionate about giving you outstanding service. More than just looking after your money, we want to look after you, however you prefer to get in touch with us.

## 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 you've had more questions than ever and needed more time to get things figured out. Offering competitive accounts was another reason why our phone lines were so busy.

But when you called you got a consistently brilliant service from our branch and contact centre teams.

In fact, the average call waiting time was even cut by 102 seconds this year, compared to last year (we've answered around 860,000 calls this year).

**Double Gold Ribbons for Fairer Finance Customer Experience (Autumn 2023) for both Savings and Mortgages.**





Despite high numbers of calls we're proud to give you the support you need when you need it most.

### **We're future-proofing our customer service**

To make sure we can keep responding to your calls quickly, we're taking on and training new team members. We're also continuing to look at 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 continue to develop our online mortgage and savings services and members and mortgage brokers can now switch products whenever and wherever it suits them. More new technology means we can now complete a mortgage application in just seven minutes.

And after gaining valuable feedback from members, our mobile app is now available.

We know that the human touch is really important to those of you using our branches and telephony services and we are just as committed to serving you in this way, as we've always been.



**105 seconds  
average call  
waiting time<sup>1</sup>.**

**(2022: 207 seconds)**

1. Based on average call waiting times between 1 January 2023 and 31 December 2023.



## Keeping you safe

Protecting vulnerable customers is a responsibility we take incredibly seriously. If we notice anything suspicious we don't hesitate to act on our instincts. In doing so we've helped vulnerable members who have fallen victim to attempted financial crimes, been unwell or needed safeguarding support in the community and protection from third parties. 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, illness or change in circumstances 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 service levels was consistently strong throughout 2023, and our Net Promoter Score (NPS)<sup>1</sup> – the main way we judge overall satisfaction for our service, was +76 (2022: +75) for the Society as a whole.

## Delivering a great service

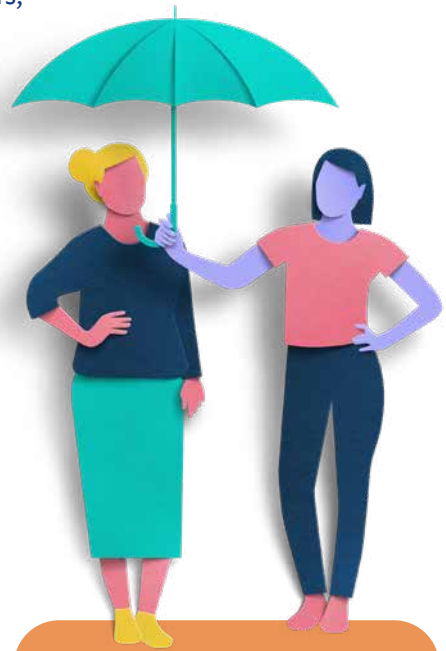
Our performance has been independently recognised too, with Fairer Finance naming us 'Number 1 for Customer Experience' across Savings and Mortgages. As well as winning 'Best Savings Account Provider' and 'Best Mortgage Lender' at The Times Money Mentor Awards.

## We've been recognised by our colleagues

In 2023, we were delighted to increase our Great Place to Work Trust Index™ score – it now stands at 81% – making us one of the best large companies in the UK to work for, according to our employees. We are always trying to be better and have achieved higher results across 96% of all statements in both the 2022 and 2023 surveys.

A key aspect of providing a great working environment is our commitment to diversity and inclusion. Just some of the new things we did in 2023 were holding trust and inclusion workshops with our leaders, launching a new initiative for everyone at the Society called 'Together Braver' – which combines face-to-face learning with digital toolkits – and we saw our employee networks grow and develop, including new Asian and Carers' Networks.

A highly engaged workforce and fantastic levels of service is no coincidence. We're proud to provide an inclusive and inspiring workplace as it helps us deliver a great service to members.



## Safeguarding your security

Keeping you safe and supported at all times.

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



# 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.

## 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. 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.

**Best Building Society from Savings Champion 2023.**



## We've helped first time buyers

We know 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 a 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.

## We're trusted by you

Many of your concerns focus on the cost of living challenges 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 and as these start to return to more normal levels, be here to help make the right decisions for you.

As well as responding to 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.

Consumer Duty is another example. These new rules aim to improve services and protection for customers. Whilst we think we're in a good place, we're not complacent and are working hard to keep your trust and support.

## Our Member Panel really counts

We make 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.

**We don't have shareholders, everything we do is based on the long-term interests of our members.**







**We launched our partnership with a new corporate charity. Centrepoin is the UK's leading youth homelessness charity.**



**ENDING YOUTH HOMELESSNESS**

# At the heart of 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.**

## 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 2023, we launched our partnership with a new corporate charity. Centrepoin is the UK's leading youth homelessness charity, working together with partners to support over 16,000 young people every year while campaigning to end youth homelessness by 2037. Last year we donated close to £1 million through savings related activity, and colleague fundraising to Centrepoin.

Donations will help fund the Centrepoin Helpline, which provides specialist advice and guidance for young people across the UK who are homeless or worried about housing. It will also help more young people into education, training and employment opportunities, enabling them to realise their potential.

We have opened a new Youth Hub in Coventry with local Centrepoin partner, St Basil's, and funding a transformational prevention programme with schools, all of which contributes to the long-term ambition of ending youth homelessness for the next generation.



**Last year we donated close to**

**£1 million**

**through savings related activity and colleague fundraising to Centrepoin.**

## Our three focus areas where we add funding, knowledge and opportunities are:

### 1 Better Foundations

#### So everyone has a place to call home

Our partners help the most disadvantaged and vulnerable in our communities 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 the network of social supermarkets across Coventry who provide food and wraparound support. 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 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 continued our virtual Work Insights programme, to let pupils in years 10–13 find out more about careers in financial services.

**Overall we've invested over £3 million in our communities in the year<sup>1</sup>.**



1. Total community investment made by the Society in 2023 has been determined in line with the Business for Societal Impact (B4SI) framework.

### 3 Better Connections

#### So older people don't face loneliness and isolation

Over the course of 2023, we've run befriending events in conjunction with Age UK (Coventry and Warwickshire) and the Belgrade Theatre Trust. Guests who may have arrived alone have now formed a network of friends as well as learning valuable skills in managing money and protecting themselves from fraud.





# Our environmental ambitions

**We're committed to doing what we can to help address climate change.**

## 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 proud to have become the first building society in the UK to be certified as a B Corp.**





We're committed to being a sustainable and responsible business. We're making good progress on our Net Zero journey, although we know 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 are helping borrowers understand the changes they can make through our Green Further Advance offer, which incentivises them to make green home improvements and reduce their emissions and bills.

We launched our 'Sustainable Living' section on our website to help our customers understand the impact of home energy use and provide hints and tips along the way. Our Home Energy Efficiency Tool provides personalised energy-savings plans, to help customers make energy-saving improvements to their home.

We're also a signatory 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.

We're proud to have become the first building society in the UK to be certified as a B Corp. This commits us to a sustainable way of doing business including protecting the environment and preserving its resources. Therefore, in addition to our climate plans, the work we are doing with our members, colleagues and our own operations, we also ensure that we work towards best practice and with our external partners towards tackling climate change.

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.



**We continue to send zero waste to landfill and have done since 2017.**

# Attending the AGM

**This is your Society, so we want to hear about how you think it's being run. If you have any questions you'd like answering at the AGM, please send them to us at [agm@thecoventry.co.uk](mailto:agm@thecoventry.co.uk) by Monday 22 April. There are several ways you can vote. Whichever you choose, 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 25 April 2024. Details of how to get there can be found on our website [thecoventry.co.uk](http://thecoventry.co.uk)

## How to vote

### **Online (prior to the event)**

[www.cesvotes.com/coventry24](http://www.cesvotes.com/coventry24) by midnight on Monday 22 April 2024.

### **By post**

Use the enclosed proxy voting form and envelope to post your form back to us. It must arrive by Monday 22 April 2024.

### **In branch**

Use the enclosed proxy voting form and envelope then drop it into one of our ballot boxes by 1pm on Monday 22 April 2024.

### **Vote at the meeting in person**

The AGM is at 3pm on Thursday 25 April 2024 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/127800592> 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](http://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 2024 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 25 April 2024 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 2023.
2. To approve the Directors' Remuneration Report for the year ended 31 December 2023. *The vote is advisory and Directors' remuneration is not conditional on it.*
3. To reappoint PricewaterhouseCoopers UK (PwC) as Auditors of the Society to hold office until the end of the next Annual General Meeting.

## Re-election of directors

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

The Chairman confirms that all the Directors seeking re-election continue to be effective with a strong commitment to the role. This applies equally in relation to Iraj Amiri who will be aged 70 at the date of his proposed re-election. In compliance with the Building Societies Act 1986 and the Society's Rules we are specifically required to notify you of his age and confirm that on assessment of his experience and commitment to the role the Board have approved his eligibility for re-election at the 2024 AGM. Details of Iraj's experience can be found in his biography at page 24 of our 2024 Annual General Meeting Booklet.

## By order of the Board

**Gurdeep Boparai**

Society Secretary

28 February 2024

## 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 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. Member of the Remuneration Committee and Non-Executive Directors' Remuneration Committee.

## Experience

David has over 40 years' experience in the banking industry, including four years as Chief Executive of Clydesdale and Yorkshire Banks. Prior to joining the Society, David held a number of Board positions including Non-Executive Director at Barclays Bank UK plc where he chaired the Board Risk Committee and External Member of the Bank of England's Prudential Regulation Committee. David is also a former Board member of the British Bankers' Association, former Chair of the Confederation of British Industry in Scotland and former President of the Chartered Institute of Bankers in Scotland. David's previous roles also include Independent Non-Executive for the EY Global Network, member of its Global Governance Council and former Chair of Ernst & Young LLP Audit Board.

## External appointments

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



'I was appointed Chair of the Board in April 2022 and am honoured to undertake this role for an organisation that is so dedicated to its members, customers and community. 2023 has been a challenging year for all our customers due to the many interest rate rises that have taken place. Throughout the year, our priority has been to balance the contrasting impact of this on our savers and borrowers, while doing all we can to safeguard those borrowers most at risk.

The exceptional growth in our savings business in 2023 reflects the competitiveness of our rates throughout the year as well as the success of our loyalty savings products. At the same time, the Board has also been very aware of the need to maintain the Society's financial strength, whilst investing in its technology foundations, its excellent people and in future services that will ensure we remain relevant and resilient in a fast-developing sector. We have tried hard to strike the right balance between all these competing priorities. Thank you for all your support and loyalty in 2023.'



## Stephen Hughes

### Chief Executive 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. Steve also held the role of Non-Executive Director on the main board of UK Finance and Chair of the audit and risk committee of UK Finance.

## External appointments

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 year of cost of living challenges and rapidly moving interest rates, 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 2023 we delivered a strong and balanced performance across all these objectives. Throughout, we continued to offer competitive mortgage and savings rates, rewarded loyalty, and supported more members than ever. The upgrades to both our digital services, telephony platforms and our branches show we’re committed to serving our members in whichever way they need us to - we want to be digital first but human always. 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. Member of the Board Risk Committee and Board Technology Oversight Committee.

### Experience

Iraj held the role of Senior Partner with Deloitte for over 20 years, leading its national internal audit group and serving clients in the financial, retail and public sectors. He spent 10 years as Global Head of Internal Audit for Schroders plc, carrying out numerous reviews of financial institutions including banks, building societies and insurance companies. Iraj is a Fellow of the Institute of Chartered Accountants in England and Wales and former 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. Iraj was also 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 Audit and Risk Committee Chair at 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.

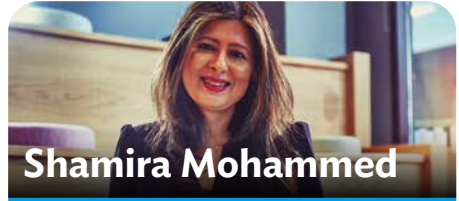
**Experience**

Jo is an experienced Non-Executive Director who has worked across multiple sectors in her executive and non-executive careers. Her early career included roles at Mars confectionery, Pepsi, and Asda, followed by executive roles at Camelot Group plc, B&Q plc and Homebase Limited. She was also CEO of Start, a Prince of Wales charitable initiative. Jo has held previous non-executive roles at Principality Building Society and Safestore Self Storage Ltd and was former Chair of PayM and of the Current Account Switch Service for Pay.UK.

**External appointments**

Non-Executive Director, Senior Independent Director, and Chair of the Remuneration Committee at Dŵr Cymru Welsh Water. Non-Executive Director and Chair of Remuneration Committee at Sirius Real Estate. Non-Executive Director and Consumer Duty Champion at Vitality Health.

‘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 had no hesitation recommending to my dad that he put savings with us. I knew that we would 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 and Remuneration 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.

‘Delivering great financial outcomes and excellent service to our members is very important to me and I believe this is the key to the long-term sustainability of the Society. In 2023, with high inflation, cost of living crises and high interest rates, the society had to make challenging decisions to achieve a delicate balance between great outcomes for its savers and borrowers as well as investing in our communities, our colleagues and the societies infrastructure to create a long-term sustainable business. This was achieved by putting members at the heart of all our decision making and I am very proud of what we delivered. As Environmental, Sustainability and Governance (ESG) champion on the Board, I am very conscious of long-term sustainability and will continue to focus on Putting Members First, supporting our communities, colleagues and doing our bit for the environment.’



## Brendan O'Connor

### Independent Non-Executive Director

**Appointed to the Board:** January 2021

**Committee membership:** Member of the Remuneration Committee, Board Risk Committee and Board Technology Oversight Committee.



## 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

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.'

## 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 continue to invest 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 some fantastic products that have proved really popular. Looking ahead to 2024, I would like us to use our financial strength to continue to improve products and services for members.'



## 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, Nominations & Governance Committee and Board Technology Oversight 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), Advisor to the Board 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. As the Bank of England continued to raise interest rates last year, 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 pressures. 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.’



# Summary Financial Statement

## For the year ended 31 December 2023

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](http://www.thecoventry.co.uk) from 5 March 2024.

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

Approved by the Board of Directors on 28 February 2024

**David Thorburn**  
Chair of the Board

**Stephen Hughes**  
Chief Executive

**Lee Raybould**  
Chief Financial Officer

Results for the year	Group 2023 £m	Group 2022 £m
Net interest income	767.2	657.3
Other income and charges	(5.2)	(1.6)
Net gains on derivatives and hedge accounting	30.3	26.8
<b>Total income</b>	<b>792.3</b>	<b>682.5</b>
Administrative expenses	(311.9)	(294.8)
Impairment charge on loans and advances to customers	(6.9)	(16.6)
Charitable donation to Poppy Appeal	-	(0.6)
<b>Profit before tax</b>	<b>473.5</b>	<b>370.5</b>
Taxation	(122.4)	(84.3)
<b>Profit for the financial year</b>	<b>351.1</b>	<b>286.2</b>



Financial position at the end of the year	Group 2023 £m	Group 2022 £m
<b>Assets</b>		
Liquid assets	10,924.3	10,009.8
Loans and advances to customers	50,276.1	48,014.3
Hedge accounting adjustment	(433.1)	(1,595.3)
Derivative financial instruments	1,513.5	2,278.1
Fixed and other assets	181.9	160.2
<b>Total assets</b>	<b>62,462.7</b>	<b>58,867.1</b>
<b>Liabilities</b>		
Shares	47,582.3	42,288.7
Borrowings	10,845.5	13,207.2
Hedge accounting adjustment	(68.1)	(452.5)
Derivative financial instruments	594.2	626.5
Other liabilities	212.2	192.5
Subordinated liabilities	15.4	15.4
Subscribed capital	41.6	41.6
<b>Total liabilities</b>	<b>59,223.1</b>	<b>55,919.4</b>
<b>Equity</b>		
Reserves and other equity instruments	3,239.6	2,947.7
<b>Total liabilities and equity</b>	<b>62,462.7</b>	<b>58,867.1</b>

Summary key financial ratios	Group 2023 £m	Group 2022 £m
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.	5.65	5.46
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.	18.7	18.2
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.	0.58	0.50
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.	0.51	0.52

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 the end of the year 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 2023 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  
28 February 2024

# Summary Directors' Remuneration Report

I am pleased to present a summary of our 2023 Directors' Remuneration Report. Our full Directors' Remuneration Report can be found in the Society's 2023 Annual Report & Accounts online at [thecoventry.co.uk](http://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 2023. The Annual Remuneration Report is submitted to a vote, by you, the members, each year at the Annual General Meeting.

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 Policy<sup>1</sup> 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.

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

Element	Operation
<b>Base salary</b>	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 employees. Salary levels take into account experience, market data, the economic environment, individual and Society performance.
<b>Benefits and pension</b>	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 received 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.
<b>Annual Success Share bonus</b>	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.
<b>Annual Executive Variable Pay Plan (ExVPP)</b>	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 up to three 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 2023

The Society's balanced scorecard contains nine 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 challenging market conditions in 2023, the Society delivered a strong and balanced performance. The Society exceeded against six of the nine performance targets which determine variable pay, performed in line with three 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
<b>People and societal impact</b>			
Employee Engagement <sup>1</sup>	76% - 80% Trust (Recognised)	81% Trust (Recognised)	Exceeded Target
Environmental, Social and Governance measures	Qualitative and quantitative assessment <sup>2</sup>		Assessment against these outcome measures rated overall as Achieved Target
<b>Best at mortgages and savings</b>			
Mortgage balance growth rate	Par share (3% / £1.6bn) +/- 0.25%	4.7% / £2.3bn	Exceeded Target
Experience NPS – Average <sup>3</sup>	+72 – +76	+76	Achieved Target
Savings Rate Premium	0.56% - 0.60%	>0.70%	Exceeded Target
<b>Key capability delivery</b>			
Programme initiatives and key capability delivery <sup>4</sup>	Qualitative and quantitative assessment		Assessment against these outcome measures rated overall as Exceeded Target
Comply with updated Consumer Duty requirements			
<b>Financial plan execution</b>			
Cost / income ratio	46% - 40%	39%	Exceeded Target
Profit before tax (£m)	£350m - £400m	£474m	Exceeded Target
Mortgage balances in arrears (%) <sup>5</sup>	0.20% - 0.15%	0.17%	Achieved Target
<b>Individual objectives</b>			
3 main individual objectives	Chair of Board / Chief Executive assessment		

1. The 2023 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.
2. More detail can be found in the sustainability section within the Strategic Report of the Annual Report & Accounts.
3. 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.
4. Programme initiatives and key capability delivery are assessed against delivery and financial measures by the Board Technology Oversight Committee.
5. 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 2023 saw a pool of 8.0% of basic salaries which focused on those in our entry level grades and those who are low in their salary range. The Chief Executive'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.

bonus of 19% 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 outcome of the balanced scorecard, and individual performance as determined 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 of between 57% to 58% of base salary to executive directors from a potential maximum of 60%.

## 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

## Total remuneration earned by each Executive Director

Audited information	Fixed remuneration				Variable remuneration			Total remuneration £000
	Base salary <sup>1</sup> £000	Taxable benefit £000	Pension allowance <sup>2</sup> £000	Total fixed £000	Success Share £000	ExVPP £000	Total variable £000	
<b>2023</b>								
Stephen Hughes	572	10	57	639	109	338	447	1,086
Lee Raybould	424	11	42	477	81	245	326	803
Peter Frost <sup>3</sup>	103	8	16	127	20	51	71	198
<b>Total</b>	<b>1,099</b>	<b>29</b>	<b>115</b>	<b>1,243</b>	<b>210</b>	<b>634</b>	<b>844</b>	<b>2,087</b>
<b>2022</b>								
Stephen 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
<b>Total</b>	<b>1,240</b>	<b>42</b>	<b>139</b>	<b>1,421</b>	<b>226</b>	<b>630</b>	<b>856</b>	<b>2,277</b>

1. Base salary is the actual salary earned in the year and will differ from the current salary effective from 1 April.
2. Pension allowance includes both contributions to the Group's defined contribution pension scheme and cash payments in lieu of contributions.
3. The remuneration shown for Peter Frost is up to the date he stepped down from the Board on of 27 April 2023.



# Deferral and retention

Success Share and ExVPP payments to executive directors are made in cash and are subject to deferral rules which are in place to enable reduction and repayment of awards in the occurrence of unusual events in compliance with the Remuneration Code.

In 2023, all executive directors were above the regulatory deferral threshold and therefore their variable remuneration will be paid in instalments as set out below.

For each of these annual payments, half of the awards are made in cash. The Remuneration Code requires that the other half is retained for a further period of 12 months and is made in shares or, in the case of a non-listed business like the Society, an equivalent share-like instrument (SLI).

The table shows the percentage (where applicable) of variable remuneration which will be paid to executive directors in each year.

Variable pay received	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
2023 performance period	-	20%	20%	-	6%	12%	12%	12%	12%	6%
2022 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'<sup>1</sup> 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 2023, these are set out below:

		25th percentile £	Median £	75th percentile £
2023	Total pay and benefits	31,240	41,788	62,254
	Salary	25,200	32,820	45,296
	CEO pay ratio	35:1	26:1	17:1
2022	CEO pay ratio	32:1	25:1	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

Audited information	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
	2023 £000	2023 £000	2023 £000	2023 £000	2022 £000	2022 £000	2022 £000	2022 £000
<b>Non-Executive Directors</b>								
David Thorburn <sup>1</sup>	199	-	3	202	129	-	5	134
Gary Hoffman <sup>2</sup>	-	-	-	-	59	-	-	59
Iraj Amiri <sup>3</sup>	55	16	2	73	54	15	4	73
Catherine Doran <sup>4</sup>	18	-	1	19	54	-	2	56
Jo Kenrick <sup>5</sup>	55	27	1	83	54	25	1	80
Shamira Mohammed <sup>6</sup>	55	-	1	56	54	-	1	55
Vanessa Murden <sup>7</sup>	51	12	-	63	-	-	-	-
Brendan O'Connor <sup>8</sup>	55	-	2	57	54	-	1	55
Martin Stewart <sup>9</sup>	55	16	3	74	54	15	3	72
<b>Total</b>	<b>543</b>	<b>71</b>	<b>13</b>	<b>627</b>	<b>512</b>	<b>55</b>	<b>17</b>	<b>584</b>

1. Chair of the Board from 28.04.22.
2. Chair of the Board to 28.04.22.
3. Non-executive director from 28.06.18 and Chair of the Board Audit Committee from 18.09.18.
4. Non-executive director from 01.08.16 to 27.04.23.
5. 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.
6. Non-executive director from 01.05.19.
7. Non-executive director from 30.01.23. Chair of the Board Technology Oversight Committee from 30.01.23.
8. Non-executive director from 18.01.21.
9. 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  
28 February 2024



## 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](https://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 2024).

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



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