

Release Time:

30 January 2007

Immediate

Question;

'What's wrong with our resorts in the UK and why did it take three executives to go all the way to Egypt to make strategic decisions?' asked a member,

Answer;

Mike Lazenby replied, 'On a cold, grey winter's day in Chatham you cannot get the same kind of ambience as you get lying on a beach by the Red Sea, drinking a beer and indulging in some real "blue sky" thinking. We do this at our own expense and in our own time; the Society pays nothing. We choose to spend time at our leisure to talk about the Society...occasionally you will forgive us for wanting to go somewhere else and think about the business on your behalf'

Innovative building society announces its results at 118th AGM

Performance

2006, a year of further change, progress and excitement highlighted a dramatic increase in profit levels and growth. At a time when many banks and building societies are being accused of increasing profit margins, Kent Reliance revealed that the net interest margin had dropped for the fourth successive year, i.e. Kent Reliance returns more to its members by keeping the gap between its average savings and mortgage rates much narrower than its competitors. With the lowest management expense ratio in the industry, Kent Reliance is the most efficient building society in the UK.

Assets increased by a market leading 25% and profit increased by 47%, through reduction in costs, principally due to the successful use of its offshore operation, Easiprocess, in India, giving the Society the highest five year rolling growth rate in the industry, a staggering 311%.

Change

In his statement The Chairman, Malcolm Mackenzie highlighted that, 'The danger of speculative investors, who could have disrupted the day-to-day operations of the Society, has now passed, and the substantial resource in India means it is unlikely that the Society could be 'carpet bagged'. However, the industry in which building societies operate is changing. Mergers are not a new phenomenon. Kent Reliance is not talking to any Society and has no plans to do so. That said, if there is a need to change the structure of our business the society would want the maximum number of options and that might include linking with a non- mutual.'

The Future

Mike Lazenby, Chief Executive commented, 'Despite our relatively small size in financial services' terms, we have punched above our weight in the media and this, in turn, has helped us to achieve another year of substantial growth and record profit.' We will continue to look for ways to reduce costs; we will continue to explore the re-definition of our high street presence; and we will continue to look for opportunities to outsource more work to our back office subsidiary in India – indeed, we expect to undertake outsource work for other organizations.

Results

A total of 16,875 votes were cast on the Ordinary Resolutions by members who either attended the AGM in person or voted by proxy. The Directors' Remuneration Report for the year ended 30 September 2006 received 91.24% approval and Chief Executive, Mike Lazenby was re-elected a director of the Society with 94.63% approval.

Notes

Kent Reliance has assets of around £1.6bn and the lowest relative costs of all building societies based on published data as at 30 Sept 06 (KPMG annual Building Societies Database Sept 2006).

Kent Reliance's subsidiary company (Jersey Home Loans Ltd) was the biggest lender in Jersey in 2006 and subsidiary Guernsey Home Loans is the fastest growing lender in Guernsey in 2006.

Kent Reliance is the only building society with a structured programme of transferring branches to agents and the only society to have an off shore subsidiary based in Bangalore to undertake back office processing.