

Press release

from Kent Reliance



IMMEDIATE RELEASE

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Charitable assignment requirement removed

Kent Reliance, the UK's fastest growing building society* today announces that it is to remove the requirement for new members to sign up to the charitable assignment scheme.

The scheme, introduced in 2000 to defeat the potential disruptive impact of speculative investors, will be closed with effect from midnight on 31st May 2006. New applications dated up to and including 31st May will remain subject to charitable assignment. Most building societies introduced schemes during the mid nineties requiring new members to agree that in the event of demutualisation, any windfall benefit would be passed to charity.

The Kent Reliance Board has decided that it is no longer in the best interests of the Society to continue to require new members to sign the assignment condition generally and that in the best interests of the Society the requirement is to be removed.

Commenting on the move Mike Lazenby, Chief Executive said 'charitable assignment has been a useful deterrent to stop the unwelcome disruptive impact of carpet bagging but over the last few years Kent Reliance has built up strong processing capacity through the off shore subsidiary, Easiprocess, and this means that our operations would not be adversely affected by a large uplift in member applications. Furthermore, it would be economically unviable for Kent Reliance to demutualise and therefore any possible carpet bagging activity would be futile'. Mike Lazenby went on to say 'most of the industry talk at the moment is of mergers rather than demutualisation and the charitable assignment condition does not cover mergers between building societies'.

Notes to Editors:

Kent Reliance Charitable Assignment Scheme Terms

The Kent Reliance charitable assignment scheme required new members opening an investment account to agree to pass any benefits of demutualisation if it occurred within five years of opening an account. All such benefits would pass to the Charities Aid Foundation. After five years, members cease to be bound by the charitable assignment scheme. Those members who have previously signed up to the scheme or who sign up prior to 31st May 2006 will remain subject to the conditions of charitable assignment for the duration of their unexpired five year term. Borrowing members are not and have never been required to assign windfall benefits.

Easiprocess

Kent Reliance is the only UK Building Society to own an off shore operations subsidiary in India. Easiprocess undertakes administrative work for the Society and in the future may undertake third party work. Reference www.easiprocess.com

* According to KPMG building society data published each year, Kent Reliance has the fastest growing asset base over the last 5 years and the fastest reducing costs.