



# Business Review and Summary Financial Statement

**For the year ended 31 October 2018  
including Notice of Annual General Meeting**

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## Chief Executive's Introduction



I am pleased to present the results for the Society for year ended 31 October 2018. The AGM notice is contained later in this summary and I would encourage you to read it, vote and to provide your

email address so we can send you this notice and other Society documents electronically. It helps save money and paper.

The Society has grown its gross lending this year despite the difficult mortgage markets. The decision by the Bank of England in 2017 and 2018 to increase base rates has had no marked difference to mortgage prices offered to consumers. This is counter intuitive but reflects the competitive nature of mortgage pricing.

During the year the Society has expanded its lending products and this has helped increase advances to £44.5m. The Society has worked hard on retaining mortgage customers and together with the increased lending gross mortgage assets have risen to nearly £229m, just short of the record value two years ago. Despite this increase of 2%, interest receivable on these mortgages has reduced by 1% reflecting pricing competition.

Despite the challenges, I am pleased to say that your Society has performed well as can be seen from the financial highlights below:

- Gross lending up 5%
- Profit before tax increased to £817,000 (2017: £807,000)
- Net Mortgage balances stand at £228m (2017: £224m)
- Share balances are £242m (2017: £252m)
- Increased gross capital to £23m or 8.3% of shares and borrowings (2017: £22m and 8.2% respectively).

The low interest rate economic environment continues to remain difficult for savers. The Society balances the need to grow profits for future investment and providing a decent return for savers. The current overall levels of profit are, in our view sufficient. This positively discriminates your Society from plc institutions.

As I have already said, the mortgage market has remained exceptionally competitive all year. During the year the Society increased the savings rates on a number of accounts after the base rate change in late 2017. However, the wider savings market has not benefited from the more recent base rate change in August 2018. The Society cannot ignore the rates paid by much larger competitors when setting its own savers rates. This would put the Society's business model at risk because there is a need to keep mortgage balances and funding demands in equilibrium.

The continued profitability of the Society is key to its longevity. The Society continues to manage costs and interest margin to remain profitable and financially strong. Building capital over time is a business imperative. We place significant emphasis on preserving the strength of our balance sheet and managing the Society prudently. Our capital ratios are strong and well above the 3% leverage ratio set by the Bank of England.

It is inevitable that some borrowers will find themselves in difficulty. It is pleasing to report that residential arrears cases remain under control and are similar in number to last year when excluding a legacy portfolio of buy to let properties. The overall impairment provision stands at £1.1m.

During the year the Society has produced retained profits of £0.66m taking total reserves to £23m. Both are important indicators of financial stability and strength.

## Community work

During the year the staff contributed 150 hours of voluntary work to a variety of local good causes to continue to mark the 150th year of the Society. This type of engagement with our local communities is part of who we are and central to the mutual model: member owned and customer driven. The volunteering work will continue in 2019.

## Outlook for 2019

Although the Society does not provide formal forecasts, it is important that members understand the market conditions anticipated in the coming year.

The impact of base rate changes and ongoing uncertainty with EU exit has been seen in the housing markets. As described last year, lending volumes continue to decrease and new house build start numbers are also declining. First time buyers often rely on the bank of mum and dad and our Family Assist range was introduced for this reason. Home ownership continues to decline with an increase in renting, partly by choice and partly by circumstance. Future interest rate changes will be driven by UK economic performance which means rates are, in my view, equally likely to go up as well as down.

It would appear that the short term economic conditions will be more difficult in the build up to, and just after, the UK leaves its transition period post EU exit however long or short that might be. We will therefore continue to manage the Society prudently given these uncertainties.

The Society only exists because of its members. Consequently we continue to strive to improve access to our services further. We will continue to offer competitive products to first time and other home buyers in the region and maintain margins to keep confidence of the Regulators and you as members in our financial strength.

## Our People

Service matters enormously to you our members. I am grateful for the continuous dedication of management and staff who continue to provide you with an excellent personal service. During the year, the staff have received many compliments on service excellence delivered by them. The Society remains committed to being customer led and member owned, providing financial security and long term value and choice for current and future generations of members.

I would like to thank you all for your support over the year and hope you have a successful and enjoyable 2019.

**Gary Brebner**  
**Chief Executive**  
**14 December 2018**

# Key Performance Indicators

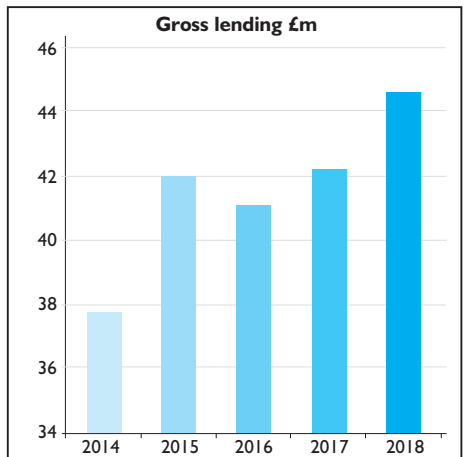
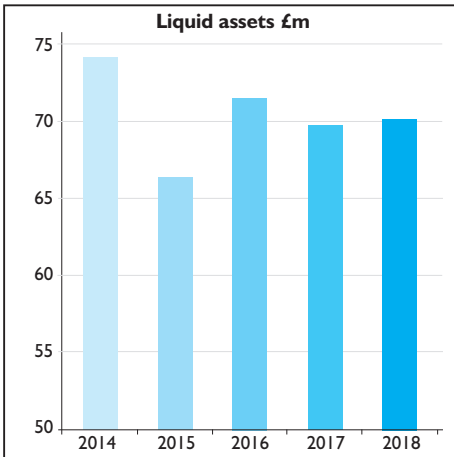
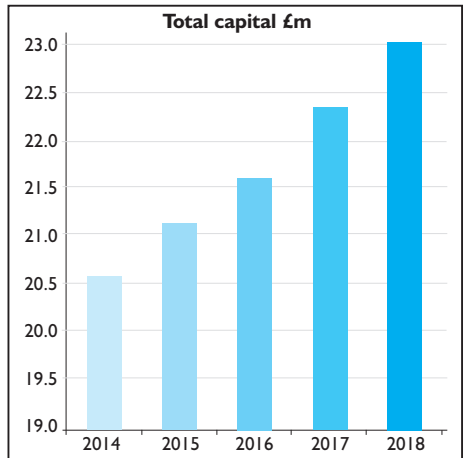
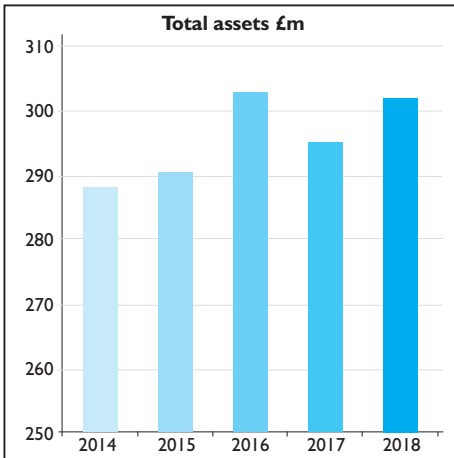
Founded in 1867, Loughborough Building Society remains true to the ideals of the group of local businessmen who got together to provide the people of Loughborough and District with opportunities to save and borrow money.

For over 150 years the Society has been helping people to buy their homes and save for their future and is proud to have remained an independent, mutual provider of mortgages and savings.

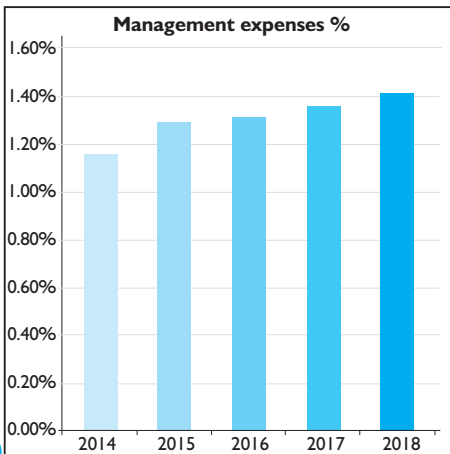
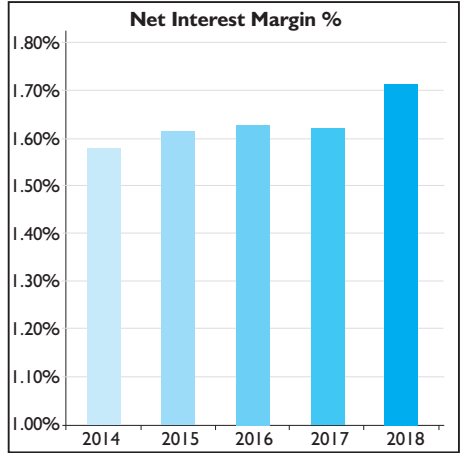
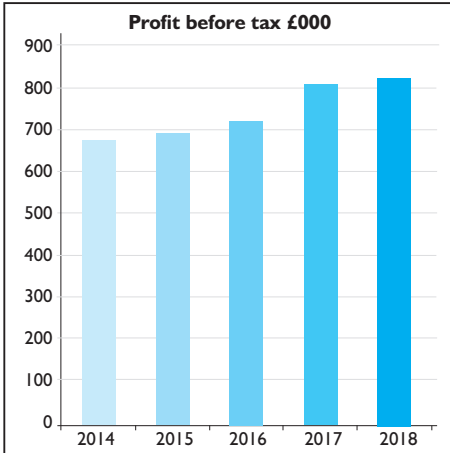
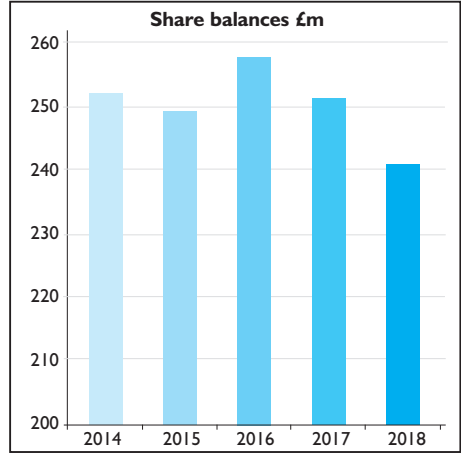
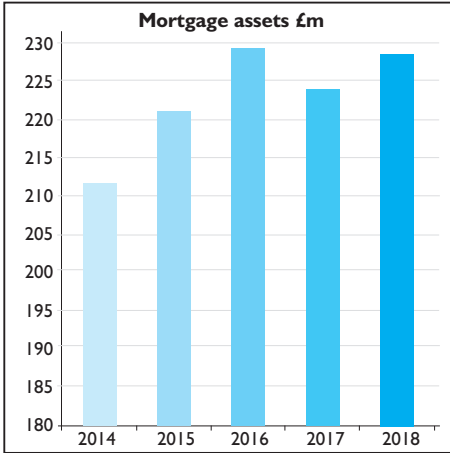
As a mutual building society we're owned by our customers – our savers and borrowers. To us you're more than a customer; you're a member and an individual.

Unlike banks, being a mutual business means we don't have shareholders or dividends to pay. We make every decision by putting our members' interests first and share the results of our success with them through higher interest rates for savers, lower rates for borrowers and providing better services.

The graphs below show progress over the last five years across a number of key indicators:



# Key Performance Indicators



# Summary Financial Statement

The Financial Statement is a summary of information in the audited Annual Accounts, the 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 Loughborough Building Society from 21 January 2019.

Approved by the Board of Directors on 14 December 2018 and signed on its behalf by:

D.T. Bowyer	Chair of the Board
H.E. Sachdev	Chair of Audit and Compliance Committee
G. Brebner	Chief Executive

## Summary Directors' Report

The Directors are pleased to present the Summary Financial Statement of Loughborough Building Society for the year ended 31 October 2018.

## Business Objectives and Activities

The principal business activity of the Society is the provision of long term residential mortgages to borrowers, financed by personal savings from members, in keeping with traditional Building Society principles and values.

The business objectives are to promote savings and home ownership, primarily in the East Midlands, through a competitive interest rate structure on a variety of straightforward products, combined with high levels of personal service, to meet the needs of our members and safeguard their interests.

## Business Review

The Society has delivered a good financial outturn in the face of another year of high competition. Economic markets continue to be volatile and impacted by Brexit and this has led to a prolonged period of uncertainty. Whilst unemployment remains low, average household incomes have only recently increased above inflation and Sterling remains weak. The Bank of England base rate was raised twice during the financial year, with the increase latterly to 0.75% in August 2018.

Even with these rises, the base rate is still at historically low levels. UK average house price growth slowed during 2018, but low mortgage rates and a shortage of homes for sale have sustained some positive growth. In the Society's main area of operation, the East Midlands, house prices have remained comparatively buoyant and are often reported as a leading region for average price growth.

A profit before tax of £817,000 (2017: £807,000) was achieved; a good and consistent result which is important to maintain the capital base of the Society to provide security for our members. The key performance indicators on pages 5 and 6 illustrate the progress that has been made in terms of profitability and capital growth. The Board is pleased to report the level of total assets has increased back to above £300m and mortgage assets have returned to above £228m.

The Society focusses on offering quality mortgage products with high standards of underwriting. Market demand and product pricing is reviewed regularly. The Society increasingly lends to a wider range of demographics with an increase this year in the proportion of family assist loans, which includes for university accommodation or to help family members onto the property ladder. During the year, the product offering was expanded to include shared ownership loans and the Society continues to assist borrowers who are building their own homes. The Society supports first time buyers and also provides products designed for those who want to borrow into retirement.

The competition from larger societies and banks remains fierce; however gross lending in the year increased by 4.9% to £44.5m (2017: £42.4m). The gross lending result is the highest since the financial crash in the late 2000s. This strong performance is a good reflection on the quality of the Society's products and the hard work of the lending team. During the year, the Society re-entered the broker market and this has started to contribute to the increase in gross lending.

## Summary Financial Statement

Arrears continue to be at low levels and the provision for losses and impairment has reduced to £1.1m (2017: £1.3m). The reduction in the provision reflects a crystallisation of losses of £0.3m which were provided for in previous years. The Society is mindful of the increased financial burden which may arise for borrowers as interest rates start to increase. Borrowers who do experience difficulty are offered appropriate support at an early stage.

Regarding the savings market, your Society strives to offer competitive products. Following the rises in bank base rate, the Society has looked to maintain the rates paid and increased the rates on certain savings products where possible. However, the market has not seen a widespread rise in rates paid to savers and the Society has to price its products with a view as to the market. As a mutual society, we seek to provide a secure home for savers' funds and promote saving in our heartland and we are very much aware of the impact that the prolonged period of low interest rates has had upon our saving members.

The Society continues to serve members through the branch network in Loughborough, Derby and Long Eaton and through its agency outlet in Southwell. To provide alternative savings options for members and to attract longer term funding, this year the Society has made new fixed rate bonds available. However, overall savers' balances reduced during the year to £241.7m (2017: £252.0m).

During the year, the Society joined the Bank of England's Term Funding Scheme and this enabled access to low cost funding to support the Society's lending activities during 2017/18. £11.3m of funding was drawn early in 2018 and this is repayable within 4 years.

The management expense ratio per £100 of mean assets has increased from 1.34% to 1.41%. The Society's most significant costs are for staff

resources and running the IT infrastructure. The Society also invests in areas of development to increase the range of products and services offered to members and the Board sees this as important for the long term benefit of the Society. The Society continued to contribute to the Financial Services Compensation Scheme (FSCS) levy, incurred by all deposit taking firms as a result of the failure of other financial institutions since the 2007 crisis. The amount paid this year was £10,000 (2017: £45,000).

The Society's net profit for the year of £657,000 (2017: £671,000) was transferred to general reserves. The Society continues to report capital growth and at 31 October 2018 total capital stood at £23.0m (2017: £22.3m).

### Principal Risks and Uncertainties

Building societies operate in a highly competitive and regulated market with significant uncertainties arising from the general economic environment, in particular the demand for borrowing and the availability of funding. Interest rates remain at historic low levels, and there is a risk of volatility in the financial markets with continued uncertainty around Brexit.

The Society has a cautious approach to its risk appetite which helps to protect members' interests and reduce exposure to the risks and uncertainties facing the business. Processes, policies and controls are in place to reduce these risks to acceptable levels.

Many of the risks faced are those associated with any business striving to prosper in a competitive market, including margin pressures, regulatory, compliance and statutory developments.

The principal business risks to which the Society is exposed are considered to be:

- **Credit Risk**, this relates to the risk that mortgage customers or treasury counterparties, to whom the Society has lent money, may default on their obligation to pay.



# Summary Financial Statement

- **Interest Rate Risk**, this is the risk that income or expenditure, arising from the Society's assets or liabilities, varies as a result of changes in interest rates.
- **Liquidity Risk**, this relates to the Society's ability to meet its financial obligations as they fall due.
- **Operational Risk**, this is the risk of a loss arising from inadequate or failed internal processes or systems, human error, key supplier failure or external events, including cyber risks.
- **Regulatory Risk**, this is the risk that the volume and complexity of regulatory requirements and related costs reduce the Society's capital and ability to compete over a period of time.
- **Conduct Risk**, this is the risk that the Society does not treat its customers fairly and provides inappropriate products for customers.
- **Strategic Risk**, this is the risk of the Society entering unprofitable markets or offering unprofitable products. The Board has a strategic duty to ensure that the Society makes an adequate amount of profit to maintain capital ratios at a level sufficient to provide long term financial strength and stability for all members.
- **Concentration Risk**, this is the risk of loss due to a large individual or connected exposure that could be affected by common factors including geographical location. The Board sets limits for maximum exposures to both borrowers and treasury counterparties.
- **Reputational Risk**, as a deposit taking institution, it is essential that the Society safeguards its members' funds and ensures that events do not arise which could damage our reputation and lead to a loss of public confidence.

The management of risk and strategic direction are key activities for the success of the business. The Board of Directors, aided by a number of committees, is responsible for ensuring that an up to date and effective risk management structure is in place covering all aspects of the business.

All major areas of risk are reviewed by the Risk Committee and, where appropriate, other Board committees as detailed in the Annual Report and Accounts.

## Corporate Governance

The Board is committed to good practice in corporate governance and supports the principles of the Corporate Governance Code 2016 insofar as they apply to a building society.

For a number of years, the Society has encouraged members to vote by linking the number of votes cast to a donation to a charity. The Society will donate 20 pence per postal vote and 50 pence per on-line vote, up to a maximum of £1,000.

Board Directors are present at the AGM unless there are exceptional circumstances that prevent attendance. Board Directors are available to meet with members both before and after the meeting and to answer questions on both a formal and informal basis.

## Regulation

The Society is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA.

## Directors

The following served as Directors during the year:

### Non-Executive Directors

D.T. Bowyer FCA

Chair of the Board

I.J. Webb BSc, MCIM

Deputy Chair of the Board

D.C. Huntley BA, FIA

Senior Independent Director

M.W. Parrott FCPFA

J.E. Pilcher ACIB, FCT

H.E. Sachdev FCMA

### Executive Directors

G. Brebner BSc, ACA

Chief Executive

C. Joyce BA, ACIB

Operations Director

S.J. Jeffries LLB, FCA

Finance Director

## Summary Financial Statement

The Board appointed Rachel Curtis-Bowen as a Non-Executive Director from 1 December 2018.

The Directors retiring in accordance with the Rules are Gary Brebner and Rachel Curtis-Bowen who, being eligible, offer themselves for re-election or, in the case of Rachel Curtis-Bowen, election.

Michael Parrott served as Chair of the Audit and Compliance Committee until 1 May 2018 after which this role was taken by Helen Sachdev.

Ian Webb served as Chair of the Staff and Remuneration Committee until 1 May 2018 after which this role was taken by David Huntley.

Ian Webb retires from the Board at the end of December 2018. Ian has served the Society latterly as Deputy Chair, but also as Senior Independent Director, Chair of the Staff and Remuneration Committee and a member of the Risk Committee. The Board should like to record their appreciation to Ian for his valuable contribution to the Society over the last 12 years.

The role of the Non-Executive Director is vital to the governance of the Society and comes with increasing time demands and regulatory expectations, which have again been met with dedication and commitment by all Board members.

### **Donations**

There were no donations for political purposes.

### **Auditor**

Deloitte LLP has signified their willingness to continue in office and therefore a resolution for their re-appointment will be proposed to the Society's forthcoming Annual General Meeting.

### **Management and Staff**

The Directors would like to record their appreciation for the loyalty and dedication of the management and staff and their commitment to the Society throughout another challenging year. A comprehensive programme of staff training has continued during the year, enabling staff to continue to develop relevant skills and maintain the excellent level of customer service expected by all our members.

Thanks are also due to all our members and professional contacts for their continued support.

**On behalf of the Board**  
**David Bowyer**  
**Chair of the Board**  
**14 December 2018**

## Summary Financial Statement

	2018	2017
	£000	£000
<b>Results for the year</b>		
Net interest receivable	5,103	4,840
Other income and charges	19	(30)
Administrative expenses	(4,207)	(4,013)
Provisions – for mortgage losses	(136)	10
Provisions – FSCS levy	38	-
Profit for the year before taxation	817	807
Taxation	(160)	(136)
<b>Profit for the year</b>	<b>657</b>	<b>671</b>

### Financial position at end of the year

#### Assets

Liquid assets	70,254	69,583
Loans and advances to customers	228,417	223,805
Fixed and other assets	3,129	2,692
<b>Total assets</b>	<b>301,800</b>	<b>296,080</b>

#### Liabilities

Shares	241,710	251,985
Borrowings	35,962	20,392
Derivative financial instruments	98	187
Other liabilities	1,021	1,131
Provisions for liabilities – FSCS levy	-	48
Reserves	23,009	22,337
<b>Total liabilities</b>	<b>301,800</b>	<b>296,080</b>

### Summary of key financial ratios

	2018	2017
	%	%
Gross capital as a percentage of shares and borrowings	8.29	8.20
Liquid assets as a percentage of shares and borrowings	25.30	25.55
Profit the financial year as a percentage of mean total assets	0.22	0.22
Management expenses as a percentage of mean total assets	1.41	1.34

# Independent auditor's statement to the members and depositors of Loughborough Building Society

We have examined the summary financial statement for the year ended 31 October 2018 which comprise the results for the year and Financial position at the end of the year together with the summary Directors' Report.

This report is made solely to the Society's members, as a body, in accordance with section 76(5) of the Building Societies Act 1986. Our work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report 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 as a body, for our audit work, for this report, for our audit report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditor**

The directors are responsible for preparing the summary financial statements, 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 Business Review and Summary Financial Statement with the annual financial statements, Annual Business Statement and Directors' Report and its conformity with the relevant requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

We also read the other information contained in the Business Review and Summary Financial Statement as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

We conducted our work in accordance with Bulletin 2008/3 "The auditor's statement on the summary financial statement in the United Kingdom" issued by the Auditing Practices Board. Our report on the Society's full financial statements describes the basis of our audit opinion on those financial statements.

## **Opinion on summary financial statement**

In our opinion the summary financial statement is consistent with the full financial statements, the Annual Business Statement and Directors' Report of The Loughborough Building Society for the year ended 31 October 2018 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

**Deloitte LLP**  
**Statutory Auditor**  
**Birmingham, United Kingdom**  
**14 December 2018**

# Directors' Remuneration Report

The purpose of this report is to inform members, in line with good corporate governance practice, of the policy for the remuneration of the Society's Executive Management and its Non-Executive Directors. It provides details of the elements of Directors' remuneration and explains the process for setting them.

An advisory resolution will be put to this year's Annual General Meeting, inviting members to vote on the Directors' Remuneration Report.

## Policy

The Staff and Remuneration Committee reviews and recommends the policy and practice on the remuneration of Executive Directors and senior management group to the Board. The Committee takes into account relevant factors from the UK Corporate Governance Code and the Society complies with the relevant and applicable aspects of the FCA Remuneration Code.

The policy is designed to ensure that senior executive remuneration reflects performance and allows the Society to attract, motivate and retain high calibre, qualified executives. These executives are required to have the skills and experience needed to lead a business of this nature and complexity and develop it for the long term benefit of our members, in an increasingly regulated and competitive market. In setting reward structures, the policy is to encourage continuous improved performance without undue risk taking.

In order to achieve this, the Committee seeks to ensure that remuneration levels are fair and competitive, reflecting market comparatives from similar financial institutions and each individual's personal development and contribution to the Society's performance.

The members of the Staff and Remuneration Committee are included in the Society's Annual Report and Accounts. Meetings of the Committee are also attended by the Chief Executive, as appropriate. The Chief Executive withdraws from the meeting when his own remuneration and benefits are considered.

The Chief Executive assesses individual performance of the other Executive Directors against specific corporate and individual objectives and makes recommendations to the Staff and Remuneration Committee.

## Executive Directors' Remuneration

Remuneration of the Society's Executive Directors can be comprised of a number of elements: basic salary, annual and medium term incentive schemes, contributions to pension schemes and other benefits.

Where performance related pay is agreed, targets and measures are set at levels to exceed the planned performance of the Society. Payments are therefore only made when the measures have exceeded that planned performance and if key conditions such as capital ratios are met. Failure to meet these conditions results in no performance related payment being made.

## Chair of the Board and Non-Executive Director fees

The remuneration for the Chair is set by the Board at a meeting without him present. The remuneration of the remaining Non-Executive Directors is set by the Chief Executive and Chair of the Board. Such levels of remuneration are set having considered the level of time commitment and responsibilities required for Board, Board Committee and other duties.

## Salary

Basic salaries are paid at an appropriate level to take account of job content and responsibilities, external market competitiveness and individual performance in the role.

## Annual Performance Pay

This is an incentive scheme that provides non-pensionable rewards for the Executive Directors directly linked to the achievement of key performance targets in the year as determined by the Society's Board. Performance targets are reviewed and approved annually, by the Staff and

# Directors' Remuneration Report

Remuneration Committee, to ensure they are aligned to business priorities. The overall objective is to improve Society performance across a number of key financial indicators such as profits and lending whilst maintaining the financial strength of the Society for the long term benefit of its members. The maximum figure payable was set at 14% of basic salary (2016/17: 12%); the amount payable for 2017/18 is 2.2% (2016/17: 10%).

## Medium Term Incentives

The Executive Directors have been invited to participate in a non-pensionable, performance related medium term incentive scheme which is payable on achievement of certain performance indicators and personal objectives. Performance is based on mortgage asset growth over a 3 year period to 31 October 2020 with an interim award payable based on the 2 year period to 31 October 2019. Payment is not guaranteed and the maximum bonus is 30% of salary at 31 October 2019 and 20% of salary at 31 October 2020. The mortgage asset growth achieved for the year to 31 October 2018 is on track to meet the 2019 interim performance indicators and therefore 7.5% of salary for each Executive

## Executive Directors (audited information)

2018	Salary	Annual Performance Pay	Pension Contributions	Benefits	TOTAL
	£000	£000	£000	£000	£000
G. Brebner	144	3	31	11	189
C. Joyce	99	2	13	12	126
S.J. Jeffries	104	2	12	7	125
<b>TOTALS</b>	<b>347</b>	<b>7</b>	<b>56</b>	<b>30</b>	<b>440</b>

2017	Salary	Annual Performance Pay	Pension Contributions	Benefits	TOTAL
	£000	£000	£000	£000	£000
G. Brebner	143	14	31	8	196
C. Joyce	98	10	13	11	132
S.J. Jeffries	98	10	12	7	127
<b>TOTALS</b>	<b>339</b>	<b>34</b>	<b>56</b>	<b>26</b>	<b>455</b>

Director has been accrued at 31 October 2018. No accrual has been made for the bonus payable at 31 October 2020 on the basis that meeting the measurement conditions is too uncertain at 31 October 2018.

## Pension Benefits

The Society operates a contributory money purchase scheme and makes contributions for all qualifying staff, including the Executive Directors.

## Other Benefits

The Society provides other taxable benefits to Executive Directors comprising a car, or car allowance and health care provision.

The Society also operates a death in service scheme for all employees. The scheme provides a lump sum of four times basic salary in the event of death in service.

## Service Contracts

All Executive Directors are employed on service contracts, which can be terminated by the Society following a maximum of 12 months' notice and by the individual Executive Directors on 6 months' notice.

# Directors' Remuneration Report

## Non-Executive Directors' Remuneration

Non-Executive Directors are remunerated solely by fees. They do not have service contracts and they do not receive any salary, pension, incentives or other taxable benefits. The Board's policy is to review the fees annually. The fees paid reflect the responsibility undertaken and the time spent on Society affairs including membership of Board committees.

### Non-Executive Directors (audited information)

	At 31 October 2018	At 31 October 2017	2018 Fees £000	2017 Fees £000
D.T. Bowyer	Chair of the Board	Chair of the Board	41	40
I.J. Webb	Deputy Chair of the Board	Deputy Chair of the Board	27	27
D.C. Huntley	Senior Independent Director	Senior Independent Director	28	24
M.W. Parrott	-	Chair of Audit and Compliance Committee	27	31
J.E. Pilcher	Chair of Risk Committee	Chair of Risk Committee	30	30
H.E. Sachdev <sup>1</sup>	Chair of Audit and Compliance Committee	-	27	15
C.D. Clifford <sup>2</sup>	-	-	-	4
<b>TOTALS</b>			<b>180</b>	<b>171</b>

<sup>1</sup> H.E. Sachdev joined the board on 1 March 2017

<sup>2</sup> C.D. Clifford retired on 31 December 2016

David Huntley  
Chair of Staff and Remuneration Committee  
14 December 2018

# Notice of Annual General Meeting

Notice is hereby given that the 151st Annual General Meeting of the Loughborough Building Society will be held on Monday 25 February 2019 at 6.15pm at The Council Chamber, Loughborough Town Hall, Market Place, Loughborough LE11 3EB for the following purposes:

To receive the Auditor's Report.

## Ordinary Resolutions

1. To receive the Directors' Report, Annual Report and Accounts and Annual Business Statement for the year ended 31 October 2018.
2. To approve the Directors' Remuneration Report for the year ended 31 October 2018.
3. To re-appoint Deloitte LLP as Auditor of the Society, to hold office until the conclusion of the next Annual General Meeting.

## Election and re-election of Directors

4. To consider and, if thought fit, elect or re-elect the following as Directors:
  - (a) To elect RACHEL LISA CURTIS-BOWEN
  - (b) To re-elect GARY BREBNER

## By order of the Board

**Gary Brebner, Chief Executive and Secretary**  
**31 December 2018**

## NOTES

1. These Notes form part of the Notice of Annual General Meeting.
2. Under the Society's Rules a member entitled to attend the Meeting and vote may appoint one proxy to attend and vote on his or her behalf. You may appoint the Chairman 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. A poll is a formal vote which may take place after an initial vote by a show of hands. Your proxy may not speak at the Meeting, except to demand or to join in demanding a poll.
3. You may instruct your proxy how to vote at the Meeting. Please read the instructions on the proxy voting form.
4. The voting date is 5pm on Wednesday 20 February 2019 if you are voting by proxy or voting online, or Monday 25 February 2019 if you wish to vote in person at the Annual General Meeting.
5. In order to attend and vote at the Meeting, or appoint a proxy, you must qualify as eligible to vote. You are eligible to vote if:
  - (a) You will be aged 18 or over on 25 February 2019; and
  - (b) You owed at least £100 on a mortgage with the Loughborough Building Society or you held at least £100 in savings accounts with the Loughborough Building Society on 31 October 2018; and
  - (c) You will continue to owe at least £100 on a mortgage to the Society or hold savings with the Society from 31 October 2018 up to and including the voting date, 25 February 2019.

Where a mortgage debt is owed jointly by two or more persons or savings are held jointly by two or more persons, only the first named in the records of the Society can have any voting rights.



## Notice of Annual General Meeting

6. You can vote only once as a member, irrespective of:
  - (a) the number of accounts you hold and whether you hold accounts in different capacities (for example, on your own behalf and as a trustee); and
  - (b) whether you qualify to vote as both a shareholding member and a borrowing member.

If you receive more than one proxy voting form, please let us know so that we can update our records.

7. Members attending the Meeting will be requested to produce their passbooks or other evidence of membership in order to obtain admission. If you are appointing a proxy other than the Chairman of the Meeting to attend the Meeting and vote on your behalf, please ensure that your proxy brings an appropriate form of identification to the Meeting.

**If you appoint a proxy to vote on your behalf and your proxy does not attend the Meeting, your vote will not be counted.**

## Directors seeking election or re-election



### Rachel Curtis-Bowen

Rachel joined the Board as a Non-Executive Director in December 2018. Rachel has 25 years' experience in financial services, having worked for both building societies and banks. Her background is in the areas of Marketing, Customer Service and Savings and she currently holds an Executive Director role with Cambridge & Counties Bank as Chief Customer Officer. Rachel lives in Leicestershire with her family.

*"It's a fantastic opportunity to be part of the leadership team of an organisation with the tradition and values of The Loughborough. I look forward to bringing my experience of delivering excellent customer experiences and passion for doing the right thing by our members to the team."*



### Gary Brebner

Gary joined the Board in July 2009 when he was appointed as Chief Executive. As Chief Executive, Gary leads the strategic direction of the Society and has overall responsibility for the Society's performance. Prior to joining the Society Gary spent more than 20 years working in the financial services sector. He lives within the trading heartland of the Society.

*"It has been a privilege and honour to serve as your Chief Executive. The Society continues to make positive progress in meeting all the challenges brought about by economic conditions and changes in consumer markets. We will continue to put the long term interest of members first and manage the Society accordingly. The Society continues to manage its finances prudently and makes suitable investments to improve our services for existing and new members. Remaining a member centric organisation sets us apart from many others and is at the core of the Society's beliefs and values. Thank you for all of your support and I look forward to serving you in the years ahead."*

## Your vote counts

As a member of Loughborough Building Society we'd like to know your views on how your Society is being run. Voting in the AGM is one way in which you can let us know how you feel – so please take the time to use your vote.

For each vote cast the Society will make a donation to one of three local charitable organisations whose focus is providing accommodation and ancillary services for those most in need. We will make a donation of 20p for every voting form we receive and 50p for every vote made online. If you would prefer us not to donate then you can opt out.

### How to vote

You can vote:

#### ONLINE

Vote by 5pm on Wednesday 20 February 2019 at [www.ersvotes.com/loughborough19](http://www.ersvotes.com/loughborough19)

#### BY POST

Post your voting form to arrive no later than 5pm on Wednesday 20 February 2019.

#### IN BRANCH OR AGENCY

Drop your voting form into the ballot box at your local branch or agency by 5pm on Wednesday 20 February 2019.

#### IN PERSON

Join us at the AGM on Monday 25 February 2019 which starts at 6.15pm at The Council Chamber, Loughborough Town Hall, Market Place, Loughborough LE11 3EB.

## Important information for members

### Financial Services Compensation Scheme

Your eligible deposits with Loughborough Building Society are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme.

For further information please call us on 01509 610707, ask at your local branch or visit the FSCS website [www.fscs.org.uk](http://www.fscs.org.uk).

### Tariff of charges from 1 March 2019

Loughborough Building Society provides this information so that you understand the fees and charges that you might have to pay whilst you are a customer of the Society. These charges may change from time to time, but we will give you at least 30 days' notice if we introduce or increase a charge. If the Society makes a charge for any service outside of this Tariff, you will be advised at the time the service is offered to you.

The Tariff of Charges does not include charges for taking out a new mortgage or a further advance. You will be informed of any costs associated with a new mortgage or further advance in the Personal Illustration of Costs and for commercial mortgages in your Terms and Conditions Letter which will be prepared for you before you make your application. We will provide you with an updated Tariff each year and you can also ask us for a copy or view it on the Society's website at [www.theloughborough.co.uk](http://www.theloughborough.co.uk) in the Helpful Information section at any time.

### If you need additional documentation relating to your mortgage

Name of charge	What this charge is for	How much is the charge
<i>Duplicate mortgage statement or a schedule of mortgage payments (interim statement of account for the current year)</i>	If you need us to prepare and supply a list of your mortgage account transactions for the current year or provide a copy of a previous mortgage statement. This charge relates to each year we are asked to provide information for.	£25
<i>Duplicate request for MIRAS 5 (tax certificate)</i>	If you need us to provide a copy of a previously issued certificate of interest paid. This charge relates to each year we are asked to provide information for.	£25
<i>Copy of deeds</i>	If you need us to provide a copy of your deeds.	£25
<i>Mortgage reference/ second charge questionnaire</i>	If another lender asks us for a mortgage reference confirming how you have managed your mortgage account with us. This will only be supplied with your permission.	£75
<i>Consent, postponement or discharge of a second charge</i>	If you ask us to consider and give agreement to secure other borrowing against your property; or you ask us to prepare and seal a Deed of Postponement; or you ask us to work with another lender to release funds to repay their second charge.	£75

### If you change your mortgage

Name of charge	What this charge is for	How much is the charge
<i>Change of repayment type and/or term</i>	If you extend or reduce the remaining term and/or change your mortgage repayment type on all or part of your mortgage.	£50
<i>Variation of/or change to title</i>	If you want to remove part of the property or land from the mortgage. It covers administration costs, including sealing the relevant legal deed and issuing letters of consent. We may need to instruct a revaluation of your property for which there will be an additional fee.	£100
<i>Release of guarantor and/or release or change of collateral security</i>	If you want to release the guarantor from your account and/or release or change the collateral security we hold for your mortgage account, we will need to reassess your circumstances. We will require you to pay this fee when you make your application. We may need to instruct a valuation for which there will be an additional fee.	£100
<i>Consent to let</i>	Under the terms and conditions of your mortgage, you need to obtain our consent if you want to let your property but do not have a 'Buy to Let' mortgage. This fee is payable each time we give consent to you to let your property.	£100
<i>Deeds release fee</i>	If you ask us to release your deeds to your solicitor.	£35
<i>Deeds discharge/sealing fee</i>	If you repay your mortgage and we seal your deeds and/or release our charge. This fee is waived if you repay on expiry of your mortgage term or you take out a new mortgage with the Society.	£85

### If you are unable to pay your mortgage

Name of charge	What this charge is for	How much is the charge
<i>Unpaid cheque / direct debit</i>	If you make a payment to your mortgage account and there are insufficient funds in your account to meet this payment, we will debit your mortgage account with this fee.	<b>£20</b>
<i>Arrears letter</i>	If your mortgage goes into arrears we will write to you to let you know. We do not charge for the first letter but we will charge this fee for any subsequent arrears letters that we have to send you.	<b>£30</b>
<i>Broken arrangement fee</i>	If you make an arrangement with us to repay your arrears and then break it.	<b>£30</b>
<i>Unpaid ground rent/service charge fee</i>	If you have a leasehold property, this is the charge to cover our administration costs if your freeholder or management company approaches us to pay ground rent or service charge on your behalf in order to prevent forfeiture of lease. If we do agree to pay any such outstanding amount this will be added to your mortgage.	<b>£75</b>
<i>Arrears visit</i>	If your account is more than two months in arrears and we've been unable to contact you, then we or a Field Agent acting on our behalf will visit your home. This allows us to assess your circumstances and work out a suitable arrangement. This is the maximum fee you could be charged.	<b>£120</b>
<i>Instruction of solicitors</i>	If we instruct solicitors to collect arrears or to start possession proceedings this fee will be debited to your mortgage account.	<b>£100</b>
<i>Instruction/cancellation of bailiff appointment</i>	If we instruct a bailiff to take possession or have to cancel a bailiff appointment.	<b>£25</b>
<i>Possession fee</i>	The administration costs to cover the extra work we have to do to manage a possession case.	
	Residential properties	<b>£300</b>
	Let properties	<b>£300</b>
	Commercial properties	<b>£500</b>
	Second charges	<b>£150</b>

### Tariff of charges for Savers

We will provide you with a Tariff when you open an account and you can also ask us for a copy or view it on the Society's website at [www.theloughborough.co.uk](http://www.theloughborough.co.uk) at any time.

Name of charge	What this charge is for	How much is the charge
<i>Telegraphic transfers (UK)</i>	If you need us to arrange a telegraphic transfer of funds from your savings account to another bank.	£30
<i>Telegraphic transfers (International)</i>	If you need us to arrange a telegraphic transfer of funds from your savings account to another bank.	£30 + Bank Charges
<i>Unpaid cheque</i>	If you pay a cheque into your savings account and there are insufficient funds in your account to meet this payment, we will charge your savings account with this fee.	£20
<i>Duplicate interest certificate</i>	If you need us to provide a previously issued interest certificate, we will charge your account with this fee for each account and for each year we are asked to provide a certificate.	£15
<i>Duplicate postal account statement</i>	If you need us to provide a previously issued account statement, we will charge your account with this fee for each account and for each year we are asked to provide a statement.	£25
<i>Audit / Accountants / Solicitors letter</i>	If you need us to provide specific information about your savings accounts to an Auditor, your Accountant or Solicitor.	£35
<i>Breakdown of transactions relating to passbook accounts</i>	If you require analysis of transactions this fee covers the administration cost of carrying out this work to provide a response. This charge relates to each year we are asked to provide information for.	£20

The logo for The Loughborough Building Society features the text "The Loughborough Building Society" in white on a blue background. To the right of the text is a stylized graphic consisting of four horizontal bars in blue, green, pink, and yellow.

# The Loughborough Building Society

## Head Office

6 High Street, Loughborough, Leicestershire LE11 2QB.

Tel: (01509) 610707 • Email: [enquiries@theloughborough.co.uk](mailto:enquiries@theloughborough.co.uk)

## Branch Offices

4 High Street, Loughborough, Leicestershire LE11 2PY.

Tel: (01509) 610600 • Email: [lboro@theloughborough.co.uk](mailto:lboro@theloughborough.co.uk)

1/2 Babington Lane, Derby DE1 1SU.

Tel: (01332) 290818 • Email: [derby@theloughborough.co.uk](mailto:derby@theloughborough.co.uk)

5 Market Place, Long Eaton, Nottingham NG10 1JL.

Tel: (0115) 9728088 • Email: [longeaton@theloughborough.co.uk](mailto:longeaton@theloughborough.co.uk)

## Agency Offices

Gascoines Estate Agents, 1 Church Street, Southwell, Nottinghamshire NG25 0HQ.

Tel: (01636) 815349 • Email: [southwell@theloughborough.co.uk](mailto:southwell@theloughborough.co.uk)

**website: [www.theloughborough.co.uk](http://www.theloughborough.co.uk)**

The Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Financial Services Register number: 157258.

Established 1867