



Business Review and Summary Financial Statement

**For the year ended 31 October 2024
including Notice of Annual General Meeting**

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Results Year ended 31 October 2024



I'm pleased to present the Society results for year ended 31 October 2024. The AGM notice is contained later in this summary and I would encourage you to read it and vote preferably online.

If we don't have it, please provide your email address so we can send you this and other Society documents electronically. It helps save money and paper and is more environmentally friendly.

It will help members if I set out the backdrop and events in 2024 to interpret the latest results. After three years of high growth the Society planned to have lower growth and trading activity across 2024 to help manage transition to our new IT systems. In January 2024 market makers and large lenders overshot on their estimates of the scale and speed of expected base rate changes. This volatility persisted for most of the year settling at the most recent Bank of England rate change. These two aspects have meant that for much of the year market leading mortgage prices were at unprofitable levels for the Society. Secondly the market speculation of future interest rate changes reduced the fair value of hedging instruments we use for fixed rated products.

The Society has to account for variations in these hedging valuations even though they are outside of management control. This year saw net hedging charges of £0.2m compared to gains of £0.9m just two years ago. Depending on how base rates change in 2025, this could create further hedging losses in that year.

During the year the Society successfully migrated to a new mortgage sales system and undertook further design work and testing on the new

target core banking platform. These activities require focussed time and effort from staff and management alike, as well as the use of external expertise to assist. The new platforms are more capable and efficient but also cost more. The investment in new technologies will also support the provision of future digital services to our members. All of these factors combine to explain the main reason for costs increasing in the year by £0.5m.

The overall impairment provision stands at £0.9m which is £0.2m lower than last year.

Despite these challenges, both mortgage balances and total assets have grown by 5% and produced a pre-hedging and tax profit of £0.3m and profit before tax of £0.1m.

For most of this financial year base rates have been at 5.25%. Savers have benefited from this higher level of interest rates across the market and at the Loughborough. Savers have been keen to lock in higher returns through fixed rate bonds and that has kept the average rate paid to all savers higher. To help protect the Society's borrowers when base rates were rising, the SVR moved more slowly and by significantly less than the 5% upward change in base rates. Now that base rates have started to fall, we plan to reflect a similar pattern on the downward cycle.

In 2024 competition has been fierce for both the retail saver and borrower. Despite the competition the Society has increased share balances by over £90m and has used some of those funds to repay short term Bank of England loans. We were early signatories to the Mortgage Charter launched last year but only a small number of borrowers have taken advantage of the Charter provisions. We have yet to see any real increase in arrears, although we recognise a number of members will still be facing cost of living challenges. The overall impairment provision stands at £0.9m, which is lower than last year.

Chief Executive's Introduction

The underlying financial strength of the business remains and in 2024:

- Gross mortgage balances reached a new high of £481m
- Record assets of £556m
- Share and deposit balances reached a new record of £483m
- Reserves are £27m, gross capital is 5.06% well above the level needed for its mortgage book

The Society continues to strike a balance between growing the business, providing a reasonable return to saving members and making investments in new services and expertise.

Community contribution

During the year we continued to work with local charities including FareShare Leicester. After four years we decided to move our support to another local worthwhile cause, Rainbows hospice for children and young people that supports the children and the families impacted by their illness. We have kept the higher on-line AGM voting contribution to assist this very worthy cause.

Outlook for 2025

Although the Society does not provide formal forecasts, it is important that members understand how the Society is investing and changing in 2025.

We will continue to work with our newly chosen suppliers on completing the IT transformation of our systems. We will retain the assistance of external expertise to assist with the change. The Society will be running with higher costs in the year ahead whilst this work is being carried out. It is expected it will continue for much of 2025.

During 2024 the Society moved its Head Office location in the town to a new office block. This has provided for a better working environment for staff and we will continue to take advantage being able to work smarter in 2025.

The reaction of housing markets and builders to the recent budget suggest a slow start to housing markets in 2025, although borrowers will be encouraged as the Bank of England commentary suggest base rates have peaked and rates will come down in 2025 albeit slowly and in a measured way.

Inflation appears to have stabilised, although the cost-of-living pressures on household budgets is unlikely to disappear quickly. The Society is ready to support borrowers during these difficult times. There is a support centre hub on our website for those facing difficulties.

Changes to market conditions and consumer behaviour also bring opportunities as well as threats. The Society will continue to monitor its credit risk appetite in the light of these changing markets and look for new areas of lending to support the aspirations of homeownership.

Our People

This has been a very busy year handling the IT change and managing pricing changes across the mortgage and savings portfolios. Staff have shown tremendous dedication and effort in continuing to provide an excellent service to members. All of our teams have worked extraordinarily hard this year, meeting the various challenges head on.

I would like to thank all our members for your on-going support over the year and I hope you have a safe, successful and enjoyable 2025.

Gary Brebner
Chief Executive
13 January 2025

Key Performance Indicators

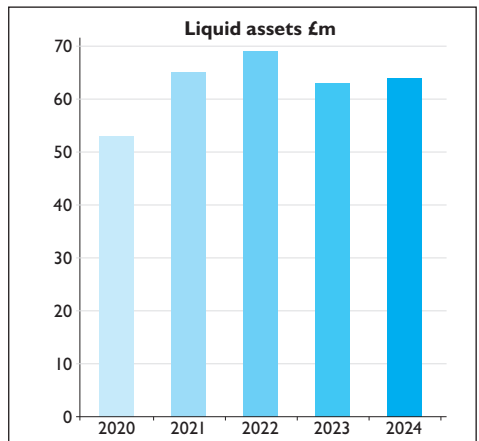
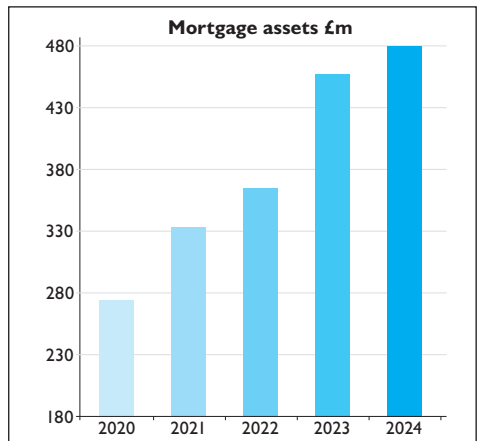
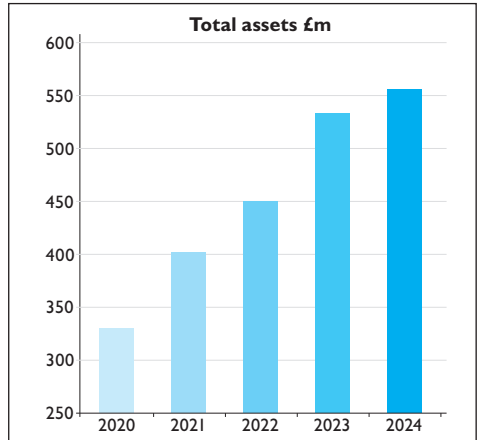
Founded in 1867, Loughborough Building Society remains true to the ideals of the group of local businessmen who got together to provide the people of Loughborough and District with opportunities to save and borrow money.

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.

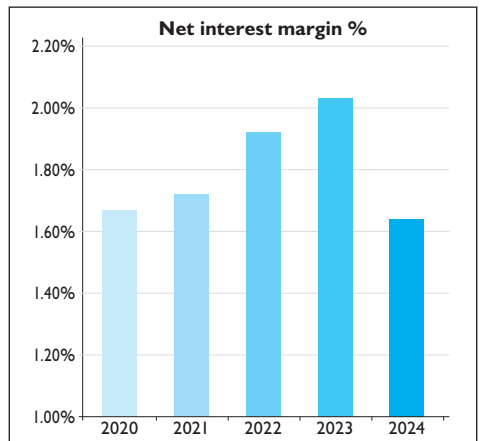
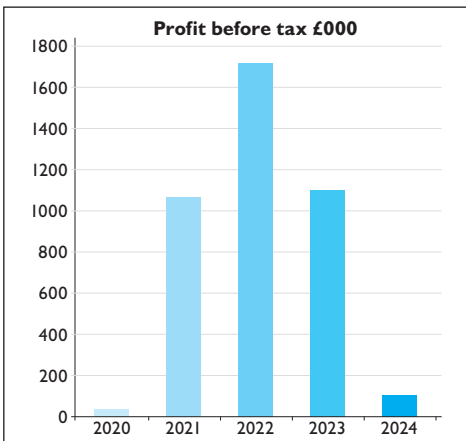
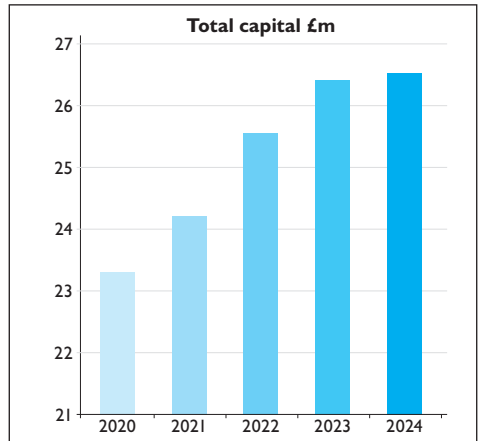
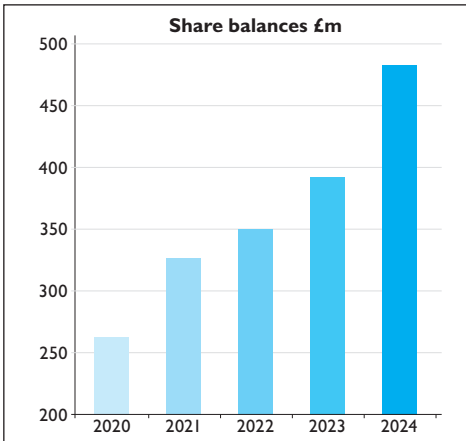
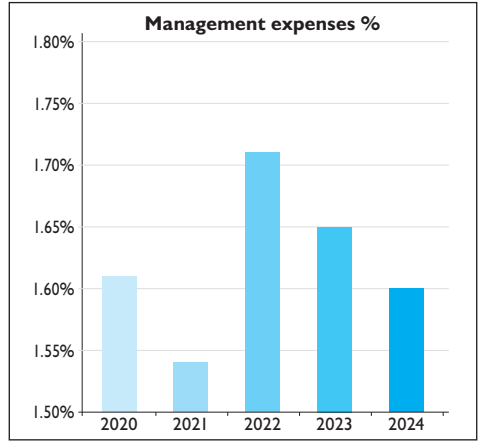
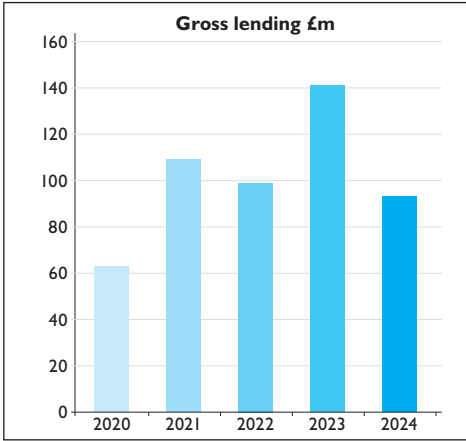
As a mutual building society we're owned by our customers – our savers and borrowers. To us you're more than a customer; you're a member and an individual.

Unlike banks, being a mutual business means we don't have shareholders or dividends to pay. The Society is able to take a long term view and balance the needs of its members for competitive interest rates with the requirement to make enough profit to support capital and allow for continuing investment in new services and expertise.

The Board manages the Society and oversees the agreed strategy using a variety of performance and control reports, including the use of key performance indicators. The graphs below show progress over the last five years across a number of key indicators. The calculation of each of the key performance indicators is explained on page 7.



Key Performance Indicators



Key Performance Indicators

TOTAL ASSETS

This shows the growth in total assets of the Society as reported within the Summary Financial Statement on page 15.

MORTGAGE ASSETS

This shows the net change in the Society lending book after impairment provisions and after fair value adjustments. This figure is reported on the Statement of Financial Position as loans and Advances to Customers.

LIQUID ASSETS

Liquid assets is the total of cash in hand and balances with the Bank of England, loans and advances to credit institutions and debt securities, as disclosed on the Statement of Financial Position.

GROSS LENDING

This figure shows the total amount of mortgage lending each year prior to repayments, redemptions and other movements.

SHARE BALANCES

This represents the total deposited by individuals with the Society at the end of each financial year. It is reported on the Statement of Financial Position as Shares.

GROSS CAPITAL

This represents the aggregate of the reserves shown in the summary financial statement.

TOTAL CAPITAL

Capital is a measure of financial strength, of an entity's ability to absorb future operational losses if and when they arise, and of its ability to support future growth. This is represented on the Statement of Financial Position by the General reserve and the Available-for-sale reserve and primarily comprises capital from retained profits.

PROFIT BEFORE TAX

Profit before tax is the net amount earned after taking into account all expenses but before tax charges.

NET INTEREST MARGIN

This ratio expresses the interest received from loans and liquid assets, minus the interest paid on financial liabilities (principally share accounts, but also deposits by market counterparties) as a percentage of average financial assets.

MANAGEMENT EXPENSES %

This ratio is the total of administrative expenses, depreciation and amortisation, expressed as a percentage of the simple average of total assets at the beginning and end of the financial year. It assists the Board in understanding the relationship between profitability and the size of the balance sheet.

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 31 January 2025.

Approved by the Board on 13 January 2025 and signed on its behalf by:

H.E. Sachdev	Chair of the Board
R.W. Barlow	Chair of Audit and Compliance Committee
G. Brebner	Chief Executive

Summary Directors' Report

The Board is pleased to present their 157th Annual Report, together with the Annual Accounts and Annual Business Statement of Loughborough Building Society for the year ended 31 October 2024.

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 across England and Wales through a variety of mortgage and savings products which cater for a wide range of customer needs. This objective is achieved through a competitive interest rate structure on a variety of straightforward products, combined with consistently reliable and personal service, to meet the needs of our members and safeguard their interests.

Business Review

Economic Conditions

One of the major influences on Society performance is the economy, which in 2024 saw the welcome reduction of inflation back from the high levels seen in the prior year. Geopolitical uncertainty remains with conflicts in Ukraine and the Middle East driving some market volatility in the near-term inflation and interest rate outlook. Base rates peaked at 5.25% and there have since been two 0.25% reductions in this rate. The first, in August 2024 saw the base rate reduce to 5.00% with a further reduction of 0.25% taking place in November, just after the Society's financial year-end.

To help protect the Society's borrowers when base rates were rising, the Society raised its SVR more slowly, and by significantly less than the 5% upward change in base rate. Now that base rates are falling, the Society will reflect a similar pattern in the downward cycle.

Our experience to date is that there has been no material change in mortgage arrears, despite many existing borrowing members having to pay a higher rate as their existing mortgage deals mature. However, the Board remains alert to the continuing level of uncertainty within the economy at this time.

Lending and Saving

Competition remains intense in both lending and saving markets. The view that UK base have peaked, together with the markets expectation of further reductions in base rate in 2025 has resulted in a reduction in mortgage pricing across the market, particularly for fixed rate products. For savers, competition in the wider market kept savings rates high, despite the 0.5% cumulative reduction in base rate from its peak level. The Society's objectives remain to reward its savers with sustainable and fair pricing that equally work

Summary Financial Statement

for existing customers as well as attracting new ones. It is a price taker in both mortgage and savings markets. This has been reflected in sharper mortgage pricing for borrowing members and the Society having to pay higher rates to retain and attract retail funding. Together these factors have contributed to a reduction in the level of net interest margin that the Society has been able to deliver.

In 2024 the Society delivered gross mortgage lending of £92m, (2023: £141m). As trailed in our prior year's Summary Financial Statement, the Society anticipated lower levels of gross lending in 2024 as it deployed resources to support its IT Change Programme. The level of gross lending achieved in 2024, together with the retention of existing mortgage balances, resulted in net mortgage book growth of £24m (2023: £92m).

This is the eighth consecutive year in which the Society has seen mortgage book growth, and this continues to allow a greater level of investment in service, resources and systems for the benefit of existing and future members. In 2025 the Society will continue to work with our newly chosen suppliers to complete the transformation of our IT systems, retaining the assistance of external expertise to safely assist with the change.

The Society's mortgage lending has benefited from continuing to expand its broker operations in the year. Despite the volatility in market pricing, the Society has maintained its customer service standards across the year both to brokers and its own direct advice offering.

Growth was also achieved in the Society's share balances with net savings receipts of £91m representing a significant increase on the prior year (2023: £42m). Most of the Society's savings business continues to be conducted through the branch network, although the Society has used

commercial cash platforms strategically over recent years for short term 'bursts' in raising funds. Growth has also been built primarily on the Society's range of good value and straightforward savings products. The strong retail funding flows achieved in 2024 have enabled the Society to fully repay its borrowing from the Bank of England, which was £35m at 31 October 2023, which had been drawn as part of the Society's normal funding activities.

The repayment of this funding has contributed to an increase in the proportion of mortgage balances that are funded by member share accounts. This stood at 100% at 31 October 2024 (2023: 86%).

The Society makes use of the wholesale money markets to provide diversity within its funding strategy. The Society has available Bank of England funding facilities which provide guaranteed emergency funds in the unlikely event of such funding being required.

Profitability

Profit before tax for the year was £0.1m (2023: £1.1m). A number of factors have influenced the financial performance of the Society in 2024. These include a £1m reduction in net interest receivable arising due to competition in mortgage and savings markets, a £0.5m increase in costs which arose due to investment in people and systems as part of the Society's change programme and general inflationary pressures. These downwards pressures on profitability were partially offset by a reduction in the level of impairment that the Society anticipated arising from its mortgage portfolio, which resulted in an impairment credit of £0.2m being recorded in the year (2023: charge of £0.6m).

The current year's profit before tax includes a loss of £0.2m from derivative financial instruments

Summary Financial Statement

(2023: £37k loss). These fair value moves are the result of accounting rules for certain financial instruments and are temporary in nature, so are not considered to be indicative of the Society's underlying financial performance.

The Society transacts derivatives to mitigate the risk to income from movements in interest rates. These are held at fair value in the accounts, with the movement in fair value recognised in the Income Statement. Changes in fair value are primarily due to timing differences, which will tend to zero as the asset or liability reaches maturity and so should not be considered part of the underlying profitability.

The Society continues to strike a balance between growing the business, providing a reasonable return to investing members and making investments in new services and expertise.

Impairment

The Income Statement shows an impairment credit of £0.2m during the year, compared to a charge of £0.6m in 2023. This credit reflects strength returning to the wider UK housing market which has seen price increases in 2024, together with the Society considering that with the easing of the cost-of-living crisis and high inflation of recent years, the probability of customers defaulting on their mortgages in the future is lower. As in the prior year the Society has not seen any specific loss being incurred on the sale of properties in possession or increasing arrears levels.

Provision is made for individual cases either in possession, or where the level of arrears or other known information about the case is such that individual consideration is appropriate.

The level of individual impairment at the end of the year was £164,000 (2023: £54,000).

The Society also maintains an allowance for collective impairment, which assesses loan cases for potential loss, should they become re-possessed and applies publicly available propensity to default (PD) data.

In the Society's case, PD data published by the Fitch ratings agency is used for this purpose. In spite of the inflationary pressure seen in recent years the Fitch PDs have not deteriorated, and neither of these matters have had a noticeable impact on the Society's allowance for loan impairment. Over the year the provision for collective impairment shows a reduction from £1,066,000 in 2023 to £744,000. This reduction is due to house prices increasing in 2024 and the Society's view that improving market conditions mean that should properties be taken into possession then the sale of such properties will take less time to achieve.

Branch network

Together with its agency outlet in Southwell, the branch network remains the route by which the Society continues to undertake the majority of its savings transactions with customers.

Customer feedback constantly tells us how important this personal contact is for our members and the Board is happy to reaffirm its commitment to its branches and the staff who work there. As banks continue to shrink their branch networks in our heartland the Society will evaluate opportunities as they arise to expand into communities where it would assist with growth ambitions and widening the membership offering.

Society Staff

The Board wishes to place on record its appreciation for the work of the Society's staff during another busy year with high numbers of mortgage applications and launching new savings and mortgage accounts to customers. The

Summary Financial Statement

branches have continued to provide the personal attention that customers require and appreciate.

During the year Head Office staff have continued to operate using a combination of home and office working. We see this practice of mixing home and office work being permanent.

The Board is proud of them all for what they have achieved and knows how much their efforts are appreciated by our members.

Climate Change

The Society recognises the importance of taking responsibility for the environmental impact of our business and the products and services that we offer to members, with the Society's work in this area being led by the Finance Director. The Society moved to new head office premises in 2024 and as part of refurbishing this property steps were taken to ensure the installation of environmentally optimum means of heating and cooling the premises. Additionally, highly energy efficient LED lighting is deployed throughout the building and solar panels have been installed to source some of our business's energy requirements.

In 2025 a full carbon footprint assessment will be commissioned, with the results being used to determine what further steps can be taken to reduce emissions further.

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.

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.

All major areas of risk are reviewed by the Risk Committee and, where appropriate, other Board committees as detailed in the Corporate Governance Report in the Annual Report and accounts on pages 10 to 14. The Society maintains a comprehensive risk register, sets a risk appetite target against each risk identified, and takes actions and implements controls until the level of residual risk is acceptable. Progress is also monitored through the Risk Committee.

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

The principal business risks to which the Society is exposed are outlined below. The Society has stress tested its Business Plan for these risks and considers that it has appropriate management control processes and sufficient capital and liquidity resources to allow it to withstand such impacts.

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 placed money, may default on their obligation to pay.
- **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. After many years at historic low rates the Bank of England Base Rate. After many years at historic low rates the Bank of England Base Rate peaked at 5.25% in December 2023.

Summary Financial Statement

Since this peak the Monetary Policy Committee at the Bank of England have implemented two 0.25% reductions in base rate leaving this rate at 4.75% at the date of approval of this Summary Financial Statement. As mortgage and savings rates have responded differently to these increases the Society has been, and continues to be exposed to, differing income and costs in the two sides of its balance sheet.

- **Liquidity Risk**, this relates to the Society's ability to meet its financial obligations as they fall due. Times of significant uncertainty, such as caused by the cost of living crisis or geopolitical uncertainty, can increase liquidity risk as providers of funding, both retail customers and institutions, may withdraw from markets because of their own security concerns. The Society monitors its liquidity daily and conducts stress tests on its ability to fund its operations and meet liabilities as they fall due on a monthly basis. The Society has been able to fund itself effectively throughout the year, maintaining an active presence in both retail and institutional markets. It also participates in a Bank of England scheme that would provide emergency funding should the unlikely need arise.
- **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. Regulatory changes are closely monitored and reported to the Board.
- **Conduct Risk**, this is the risk that the Society does not treat its customers fairly or provides inappropriate products for customers.
- **Strategic Risk**, this is the risk of the Society entering unprofitable markets, offering unprofitable products or being unable to keep

up with changes in customer expectations. 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.
- **Climate Risk** is the risk of adverse impacts on the Society's business caused by climate change. These risks have been identified as being physical and transitional. Physical risks could create a direct impact, such as properties over which the Society holds a mortgage becoming uninhabitable or unsaleable due to increased risk of flooding. Transition risks could include developments such as potential disruption to certain sectors of the economy as society moves from higher to lower levels of carbon production in energy generation. In response to these risks, the Society is participating in industry initiatives to understand and plan for their effect. In light of this, several years ago, the Society commissioned a statistical analysis of its mortgage book to understand the potential impact of climate risk on existing accounts. This analysis suggests that direct, physical risks may not present a significant risk to the Society's business, but that transitional risks, especially the remediation costs of converting low energy efficiency homes to a better standard of energy efficiency may be substantial. The impact of this has been fully incorporated into the Society's

Summary Financial Statement

annual assessment of its capital position and the impact on this of various stress scenarios.

In addition to the risks outlined above, some risks arise from the very nature of being a building society. Primarily these are the raising of funds from savers and lending to mortgage borrowers and other counterparties. These financial risks are closely monitored and controlled by the Board, supported by its committees.

Further details of the Society's approach to financial risk management, including the use of financial instruments for risk management purposes and the key risks faced, are detailed in note 25 to the Accounts.

The management of risk and strategic direction are key activities for the success of the business. The Board, 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.

Corporate Governance

The Board is committed to good practice in corporate governance and supports the principles of the Corporate Governance Code 2018 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 30 pence per postal vote and £1 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 and up to the date of signing this report:

Non-Executive Directors

H.E. Sachdev FCMA	Chair of the Board
R. W. Barlow BA, FCA	Senior Independent Director
R. L. Curtis	
J.E. Pilcher ACIB, FCT	
C.J. Ashton ACMA, CF, Dip PFS, SMP	

Executive Directors

G. Brebner BSc, ACA	Chief Executive
R. Broadbent BSc, ACA	Finance Director
M. Wade MSc,	Customer Services
CMgr CMI, Assoc CIPD	Director
S. Lee BA, ACA	Risk and Compliance Director

Non-Executive Director S.M.S. Choudhry PhD, FCSI, FLIBF retired from the Board with effect from 9 December 2024.

Non-Executive Director Z. Ali BSc, ACA was appointed to the Board on 1 January 2025.

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.

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The Society supports a number of local community-based charities and also makes a donation to FareShare, a food redistribution charity, for each vote cast at its Annual General Meeting. Donations of £1,000 were made to these charities in the year.

Auditor

A resolution to reappoint Forvis Mazars LLP as Auditor of the Society was passed at the 2024 AGM.

On behalf of the Board
Helen Sachdev, Chair of the Board
13 January 2025

Summary Financial Statement

	2024	2023
	£000	£000
Results for the year		
Net interest receivable	8,912	9,958
Other expense	(298)	(123)
Administrative expenses	(8,722)	(8,108)
Provisions – for impairment	212	(628)
Profit for the year before taxation	104	1,099
Taxation	119	(258)
Profit for the year	223	841
Financial position at end of the year		
Assets		
Liquid assets	63,803	63,137
Loans and advances to customers	481,145	456,688
Derivative financial instruments	2,811	8,394
Fixed and other assets	8,274	4,571
Total assets	556,033	532,790
Liabilities		
Shares	483,445	391,904
Borrowings	43,288	104,345
Derivative financial instruments	665	696
Other liabilities	1,997	9,430
Reserves	26,638	26,415
Total liabilities	556,033	532,790
	2024	2023
	%	%
Gross capital as a percentage of shares and borrowings	5.06	5.32
Liquid assets as a percentage of shares and borrowings	12.11	12.72
Profit the financial year as a percentage of mean total assets	0.04	0.17
Management expenses as a percentage of mean total assets	1.60	1.65

The constituent parts of these financial ratios are disclosed on page 61 of the Annual Report and Accounts.

Independent Auditor's statement to the Members and Depositors of Loughborough Building Society

We have examined the Summary Financial Statement of Loughborough Building Society (the "Society") set out on pages 8 to 15.

Respective responsibilities of directors and auditor

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

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Business Review and Summary Financial Statement with the Annual Report and Accounts, the Annual Business Statement and the Directors' Report and its conformity with the relevant requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

Basis of opinion

Our examination of the Summary Financial Statement consisted primarily of:

- Agreeing the amounts included in the Summary Financial Statement to the corresponding items within the Annual Report and Accounts, the Annual Business Statement and the Directors' Report of the Society for the year ended 31 October 2024 including consideration of whether, in our opinion, the information in the Summary Financial Statement has been summarised in a manner which is not consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year;
- Checking that the format and content of the Summary Financial Statement is consistent with the requirements of section 76 of the Building Societies Act 1986 and regulations made under it; and
- Considering whether information has been omitted which although not specifically prescribed by section 76 of the Building Societies Act 1986 and regulations made under it, in our opinion, is necessary to ensure consistency with the Annual Report and Accounts, the Annual Business Statement and the Directors' Report of the Society for the year ended 31 October 2024.

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

Our report on the Society's Annual Report and Accounts describes the basis of our 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 Annual Report and Accounts, the Annual Business Statement and the Directors' Report of Loughborough Building Society for the year ended 31 October 2024 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

Use of the statement

This statement is made solely to the Society's members as a body and the Society's depositors as a body in accordance with section 76(5) of the Building Societies Act 1986. Our audit work has been undertaken so that we might state to the Society's members and depositors those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body and the Society's depositors as a body for our audit work, for this statement, or for the opinions we have formed.

Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
3 Wellington Place
Leeds
LS1 4AP
13 January 2025

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 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 Remuneration Committee are noted in the table on page 12 of the 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 their remuneration and benefits are being considered.

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

Executive Directors' Remuneration

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

Where performance related pay is agreed, targets are set at levels to incentivise exceeding the planned performance of the Society either in the short or medium term. Payments are therefore only made when the agreed measures have been at least met. All schemes have a maximum amount they could pay if the upper most measures were all met or exceeded. Failure to meet the performance measures set would usually result in no performance related payment being made.

Chair of the Board and Non-Executive Director fees

The remuneration of the Chair of the Board agreed by the Remuneration Committee at a meeting where the Chair is not 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. The Society uses external benchmarking data to ensure that the fees are proportionate to the duties and responsibilities carried out.

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.

Directors' Remuneration Report

Annual Performance Pay

Consistent with prior years there has been 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 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 lending and mortgage asset growth as well as delivery of the strategic plan whilst maintaining the financial strength of the Society for the long-term benefit of its members.

Although some of the current year performance scheme objectives were met, the Executives requested that no payment be made as Profit levels were too low. The Committee has agreed to this request and no payment will be made. In 2023 the comparative award was 17%.

Medium Term Incentives

The Society does not currently operate a medium-term incentive scheme

Pension Benefits

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

Directors' Remuneration

Executive Directors (audited information)

2024	Salary	Annual Performance Pay	Pension Contributions	Benefits	TOTAL
	£000	£000	£000	£000	£000
G. Brebner	220	-	26	14	260
R. Broadbent	159	-	19	8	186
S. Lee	127	-	15	8	150
M. Wade	137	-	16	8	161
TOTALS	643	-	76	38	757

2023	Salary	Annual Performance Pay	Pension Contributions	Benefits	TOTAL
	£000	£000	£000	£000	£000
G. Brebner	200	34	24	10	268
R. Broadbent ²	149	26	17	6	198
S. Lee ¹	80	14	10	4	108
M. Wade	127	22	16	6	171
TOTALS	556	96	67	26	745

¹ S. Lee appointed 1 March 2023

² R. Broadbent appointed 7 November 2022

Directors' Remuneration Report

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, in the case of G. Brebner can be terminated by the Society following a maximum of 12 months' notice and by the Executive Director on 12 months' notice. In the cases of M. Wade, S. Lee and R. Broadbent, service contracts can be

terminated by the Society following a maximum of 6 months' notice and by the Executive Director on 6 months' notice.

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. Secondly fees are set to ensure the Society can continue to attract new Non-Executive Directors with suitable expertise to serve on the Board and its Committees.

Non-Executive Directors (audited information)

	At 31 October 2024	At 31 October 2023	2024 Fees £000	2023 Fees £000
H.E. Sachdev	Chair of the Board	Chair of the Board	51	49
J.E. Pilcher	Chair of Risk Committee	Chair of Risk Committee	38	37
R.L. Curtis	Chair of Remuneration Committee	Chair of Remuneration Committee	32	31
R.W. Barlow	Chair of Audit and Compliance Committee and Senior Independent Director	Chair of Audit and Compliance Committee and Senior Independent Director	43	41
C.J. Ashton	Chair IT Programme Board	Chair IT Programme Board	33	30
S.M.S. Choudhry	Chair of ALCO	-	30	28
TOTALS			227	216

Rachel Curtis
Chair of Remuneration Committee
13 January 2025

Notice of Annual General Meeting

Notice is hereby given that the 157th Annual General Meeting of the Loughborough Building Society will be held on Monday 24 February 2025 at 10.30am at The Council Chamber, Loughborough Town Hall, Market Place, Loughborough LE11 3EB for the following purposes:

To receive the Auditor's Report for the year ended 31 October 2024.

Ordinary Resolutions

- 1 To receive the Directors' Report, Annual Report and Accounts and Annual Business Statement for the year ended 31 October 2024.
- 2 To approve the Directors' Remuneration Report for the year ended 31 October 2024.
- 3 To re-appoint Forvis Mazars LLP as Auditor of the Society to hold office until the conclusion of the next Annual General Meeting.

Re-election of Directors

- 4 To consider and, if thought fit, re-elect the following as Directors:
 - (a) To re-elect Gary Brebner
 - (b) To re-elect Rachel Lisa Curtis
 - (c) To re-elect Caroline Jane Ashton

By order of the Board

Susan Lee

Risk & Compliance Director and Society Secretary
13 January 2025

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 Chair of the Meeting or anyone else as your proxy. 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 Wednesday 19 February 2025 if you are voting by proxy (either by post or online), or Monday 24 February 2025, if you are voting in person at the AGM.
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:
Age: You will be aged 18 or over on 24 February 2025; and
Membership: You are the sole or first named account holder in the records of the Society; and
 - (a) You held at least £100 in your savings account(s) with the Society on 31 October 2024, and continued to have a savings account(s) with the Society at all times between 31 October 2024 and the voting date; or
 - (b) You owed the Society not less than £100 on your mortgage account(s) on 31 October 2024 and on the voting date.
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.
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 Chair 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. This may include, for example, a valid driving licence or passport.
8. If you appoint a proxy, other than the Chair, and they do not attend the Meeting, then your vote will not be counted.

Directors seeking re-election

Details of the Directors standing for re-election are provided below. The Board endorses all of the candidates standing.



Gary Brebner

I joined the Board in July 2009 and appointed as Chief Executive at the same time. Since then, it's been a privilege to maintain your trust and serve the Society. I can honestly say there hasn't been a dull day. Prior to joining the Society, I spent over 20 years working in the financial services sector which when combined with my experience at The Loughborough, enables me to carry out this role on your behalf.

"It has been a great honour to serve you our members as your Chief Executive. The progress we have made on many fronts shows how inventive and resilient the Society is despite all the challenges thrown at it. Our people remain our biggest asset. Following the many years of growth we're now in the process of making a series of strategic investments into more advanced technologies. This will enable our members to be served even better than they are now and our employees to work more effectively. We continue to put the long-term interests of members first and manage the Society finances prudently. Being a member centric organisation sets us apart from many others and this is at the core of the Society's beliefs and values. Thank you for all your support and I look forward to serving you in the years ahead."



Rachel Curtis

Rachel joined the Board in December 2018 and has a background of 30 years in Financial Services, across both Banks and Building Societies. Rachel chairs the Remuneration Committee for the Society and was recently appointed to the new role of Consumer Duty Board Champion – which involves working closely with the Society team to ensure we are delivering good outcomes for members.

Alongside her Society role, Rachel is CEO of a Financial Services technology company that provides software solutions to help consumers that are struggling with their finances. Rachel recently won the National Business Women Award for STEM and a Financial Technology Award for Social Impact.

Rachel lives in Leicestershire and enjoys watching rugby – both her son playing for a local club and also as a Leicester Tigers season ticket holder.

"In my time with the Society I have seen us grow our focus on members and the team that serves them. I have thoroughly enjoyed meeting with both groups to hear of the impact we have had on those saving, buying their home and building their careers. I would be honoured to continue to do so for a further term."



Caroline Ashton

Caroline joined the Board in March 2020. She is a qualified Chartered Management Accountant and has previously worked at Leeds Permanent and Yorkshire Building Societies. In addition to Chairing the IT Programme Board at The Loughborough, she holds Non-Executive Directorship/Chair of Audit Committee roles at Al Rayan Bank and Monument Bank.

Caroline has 20 years Executive Director experience at TD Direct Investing (online stockbrokers) and Tenet Group (independent investment and mortgage advice support group) and brings in depth Finance, Risk and Regulatory experience. She also brings experience in significant digital projects.

Caroline is married and lives in Ilkley, she has two grown up children and enjoys keeping fit, live music and travel.

"It has been an honour to serve on the Board of the Loughborough. I Chair the IT Programme Board to oversee the programme that will deliver significant digital change to the Society. I look forward to the next phase of the Society's development, with enhanced systems as well as retaining our commitment to branches. It was great to move to our new Head Office this year improving working conditions and collaboration."

Important information about the 2025 AGM

2025 AGM Arrangements

The AGM will be held on Monday 24 February 2025 at The Council Chamber, Loughborough Town Hall, Market Place, Loughborough LE11 3EB. The meeting starts at 10.30am. We hope that you can join us.

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. You can vote online, by post, in branch or agency, or at the AGM meeting. Details are provided below.

The AGM is your opportunity to meet our Board, have your say on how the Society is being run, and raise any questions you may have. If you are unable to attend the meeting you can still participate by voting and submitting questions in advance. You can also register to access a recording of the meeting, details are set out below and in your Proxy Voting Form.

For each vote cast the Society will make a donation to Rainbows Hospice for Children and Young People. Rainbows cares for families who have a baby, child or young person with a serious or terminal illness. We will donate £1 for every vote cast online or in person at the AGM, and 30p for votes received by post or in branch and agency. If you would prefer us not to donate then you can opt-out.

How to vote

We would prefer you to use the online or postal voting options. However, if this is not possible ballot boxes will be available in our branches and agency.

You can vote:

ONLINE

Voting online is quick and easy either:

- Scan the QR code on the front page of your voting form, to go straight to the voting website; or
- Visit the website. Go to www.cesvotes.com/loughborough25 and enter your unique voting codes (these are shown on your paper voting form).

Vote by midnight on Wednesday 19 February 2025.

BY POST

Use the pre-paid envelope provided to post your voting form to Civica Election Services, to arrive no

later than Wednesday 19 February 2025.

IN BRANCH OR AGENCY

Drop your voting form into the ballot box at your local branch or agency by close of business on Wednesday 19 February 2025.

IN PERSON

Join us at the AGM which starts at 10.30am on Monday 24 February 2025 at The Council Chamber, Loughborough Town Hall, Market Place, Loughborough LE11 3EB. Please email us at: LBSAGM@theloughborough.co.uk to register your place.

Questions for the AGM

We are keen to ensure that members have the opportunity to raise any questions they may have. You can submit questions to the Board of Directors in advance of the AGM by:

- Emailing them to: LBSAGM@theloughborough.co.uk
- Sending your questions by post addressed to: Risk & Compliance Director and Society Secretary, Loughborough Building Society, 56 Woodgate, Loughborough, LE11 2TZ

Questions must be received by Wednesday 19 February 2025, together with your full name and address. Members attending the AGM will also be able to ask questions during the meeting.

Responses to the most commonly asked questions will be published on our website alongside the AGM voting results in early March 2025.

Please note that questions sent for the attention of the Society's Board of Directors should not be personal to you or relate to specific account queries. Any such queries should be sent to us separately in the usual way.

Register to view a recording of the AGM

To register to access a recording of the 2025 AGM please complete the registration section on the online voting portal, or if using the paper voting option on the reverse of the Proxy Voting Form. The recording will be made available to view until 31 March 2025.

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 631960, ask at your local branch or visit the FSCS website www.fscs.org.uk

Tariff of Mortgage Charges effective from 1 March 2025

Loughborough Building Society provides this information so that you understand the fees and charges that you might have to pay whilst you're a customer of the Society. These charges may change from time to time, but we'll 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'll be advised at the time the service is offered to you.

The Tariff of Charges doesn't include charges for taking out a new mortgage or a further advance. You'll 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'll 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 theloughbororough.co.uk/support-centre/mortgage-support/existing-borrower-faqs 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.	£10
<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>Permanent 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'll need to reassess your circumstances. You'll need 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>Redemption Administration 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

* Temporary changes made under the Mortgage Charter are free from charge. Please visit www.theloughborough.co.uk/support-centre for more information.

If you are unable to pay your mortgage

Name of charge	What this charge is for	How much is the charge
<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.	£75
<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.	£240
<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.	£100
<i>Instruction/cancellation of bailiff appointment</i>	If we instruct a bailiff to take possession or have to cancel a bailiff appointment.	£25
<i>Possession fee</i>	The administration costs to cover the extra work we have to do to manage a possession case.	
	Residential properties	£300
	Let properties	£300
	Commercial properties	£500
	Second charges	£150

Tariff of Savings Charges effective from 1 March 2025

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

We'll 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 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.	£10
<i>Telegraphic transfers (International)</i>	If you need us to arrange a telegraphic transfer of funds from your savings account to another bank.	£10 + Bank Charges
<i>Stopped cheque</i>	If you need to stop a cheque which is drawn from your savings account, we will charge your account with this fee.	£10
<i>Duplicate interest certificate</i>	If you need us to provide a previously issued interest certificate, we'll charge your account with this fee for each account and for each year we're asked to provide a certificate.	£10
<i>Duplicate postal account statement</i>	If you need us to provide a previously issued account statement, we'll charge your account with this fee for each account and for each year we are asked to provide a statement.	£10
<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.	£25
<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're asked to provide information for.	£10

The logo for The Loughborough Building Society features the name in white text on a dark blue background. To the right of the text is a vertical bar with four colored segments: light blue, green, pink, and yellow.

The Loughborough Building Society

Head Office

56 Woodgate, Loughborough, Leicestershire LE11 2TZ.
Tel: (01509) 610707 | Email: enquiries@theloughborough.co.uk

Branch Offices

4 High Street, Loughborough, Leicestershire LE11 2PY.
Tel: (01509) 610600 | Email: lboro@theloughborough.co.uk

1/2 Babington Lane, Derby DE1 1SU.
Tel: (01332) 290818 | Email: derby@theloughborough.co.uk

5 Market Place, Long Eaton, Nottingham NG10 1JL.
Tel: (0115) 9728088 | Email: longeaton@theloughborough.co.uk

29 The Nook, Anstey, Leicester LE7 7AZ.
Tel: (0116) 4440170 | Email: anstey@theloughborough.co.uk

Agency Office

Gascoines Estate Agents, 1 Church Street, Southwell, Nottinghamshire NG25 0HQ.
Tel: (01636) 815349 | Email: southwell@theloughborough.co.uk

website: www.theloughborough.co.uk

Registered office: 56 Woodgate, Loughborough, Leicestershire LE11 2TZ

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