

2025 AGM Questions and Answers

Responses to questions raised by members, both in advance of and at the AGM, are published below. Thank you to all our members who submitted questions.

Auditors Report

Question: How many Building Societies are left in the UK?

Response: There are currently forty-three UK building societies. The number has remained relatively stable in recent years.

IT Platforms

Question: Do you see providing online accounts for your members as a good or bad idea? Would it add extra risk or cost to the Society, or move it into the 21st century albeit later than many of its competitors? In the context of the average customer age does the Society want to encourage more younger people to join the Loughborough with online and app banking?

Response: Moving online is a significant undertaking and a key consideration in the Society's ongoing IT transformation. The replacement IT platform allows for and will provide a series of online capabilities. This will cover mortgages and savings. Being online comes with a number of challenges, with the increased costs of security and resilience being key to providing a safe secure and reliable service.

However, it will allow us to attract new customers and provide choice to existing customers as to how and when they wish to interact with the Society.

In relation to the age profile of customers we remain focussed on ensuring membership across all age ranges. This includes encouraging younger membership and supporting members at all stages of their life. Passbooks will still be available if members want them. The new services when they arrive, will simply add more choice.

Annual Report & Accounts

Question: The Report & Accounts refer to climate change. Climate change is a contentious issue. Do Building Society regulations require the term 'Climate Change' to be used or could the reference be amended to 'energy efficiency' in future reports?

Response: 'Climate Change' remains a widely accepted term and is a term commonly used by the Society's regulators in regulatory publications and communications. The term encompasses a range of climate related matters including energy efficiency.

Question: How will the April 2025 National Insurance contribution changes affect the Society's profit?

Response: The additional costs for employer National Insurance have two components. The higher overall rate and the requirement to begin paying employer National Insurance contributions at a lower rate. The additional cost will be approximately £120,000 per year from April onwards.

The Society have budgeted for this cost as the announcement was made before finalising the current year business plan projections. The Society's focus remains on operational efficiency to absorb the increased costs whilst maintaining fair, transparent pricing for members.

General Matters

Question: Is the Society able to advise those persons seeking a mortgage, of the risks they may face if intending to purchase a home on land liable to flooding?

Response: The Society does not and cannot provide advice on environmental matters but encourages potential purchasers to consider these factors when buying a property. The Society commissions a mortgage valuation report for each property under consideration, which is shared with the potential borrower and their legal representative. The legal representative also conducts a number of environmental searches as part of the conveyancing process and would discuss the outcome with the borrower. While the Society does not provide advice, there are a number of opportunities for the potential purchasers to understand the flood risk related to any property that they might be considering purchasing.

Question: There is a rumour that the Chancellor may reduce the annual Cash ISA allowance. This would affect all mutuals. Does the Society have a plan to mitigate this?

Response: In concert with our trade association, the Building Societies Association, the Society is working to inform the Treasury of the disruption that this would cause to financial markets, and also the Bank of England. Approximately 40% percent of all cash ISA balances in the UK are held with Building Societies, which is disproportionately higher than other institutions. The sector's stance is that the Government should not be directing people towards a certain risk profile for investment of their cash.

If changes are implemented, they would make cash ISA's less attractive and the Society, like every other building society, would need to carefully consider its approach.

Question: In the last month we've seen global considerations related to how America is acting. Is that going to be a challenge for the Society's business?

Response: The Society undertakes an annual business planning process. This considers a range of future potential scenarios including inflation, interest rates and growth. The plan supports ability to deliver against performance targets despite a more uncertain outlook.