

***The Loughborough***

where people make the difference



**Business Review and  
Summary Financial Statement**

for the year ended 31 October 2006



# Directors

**Paul R Blakemore BA, FCA**

Chairman

**Scott P Mellors FRICS**

Deputy Chairman

**Colin G Bradley BSc, ACA, ACIB**

**Cheryl D Clifford BA, FCIPD**

**J Barry Gibbins FCA**

**Caroline Joyce BA, ACIB**

**Stephen R Peete BA, FCIB**

**Alan Roberts LL.B**

Chief Executive

Operations Director

Finance Director

**Stephen R Peete BA, FCIB**

**Caroline Joyce BA, ACIB**

**Colin G Bradley BSc, ACA, ACIB**

# Chief Executive's Introduction

Welcome to the Society's Summary Financial Statement for the year ending October 31, 2006. As well as the Summary Financial Statement itself you will also find reports on the Society's policy on Corporate Governance and on Directors Remuneration.

The past 12 months have been extremely encouraging for the Loughborough. Mortgage lending was reined back to accommodate the move to a new I.T. system, but we still advanced more than £54 million. Customer retention also improved and as a result assets grew by 9.2%. The Society also continued to attract a healthy level of retail savings with an inflow of more than £9.7 million. Overall mortgage balances now stand at £196.3 million while savings balances increased to £178 million.

The Society has also made further strides in reducing costs, without impacting on the level of service the Society offers. Excluding exceptional items the management expenses ratio fell to £1.09, a new record for the Society. Our forecasts for next year suggest that the figure will fall further, releasing funds that can be reinvested back into the Society for your benefit.

The biggest task facing the Loughborough this year was successfully completing the move of the Society's core I.T. systems from Unisys to Bailey Computer Services, a wholly owned subsidiary of the Skipton Building Society. The move went ahead as planned on the 20/21 August and early reaction among staff and customers has been positive. This success was something of a double edged sword as it has meant that the majority of the Society's I.T. staff have left the Society. I would like to take this chance to thank Karin Ling, Andy Smith, Christine Turner and Andy Clarke for all their hard work and dedication that they have given the Loughborough both before and during the project.

These are exciting times for the Loughborough and I see no let up in the pace of change for next year. We will, for example, be entering into a new relationship with Liverpool Victoria, another mutual organisation through which we will be able to provide our members with a wider access to a whole range of products.

We are planning to make improvements to our branch premises as well as looking at increasing the number and variety of ways in which our customers can deal with us and we continue to invest in our staff to make sure that our customers get the very best service and products.

Whatever we do the Society has to remain focussed on its membership. This years AGM, will include a 'wealth management' seminar which will incorporate interesting and relevant topics such as inheritance tax planning. The AGM is a great forum for raising things that really concern you as members. We really do value the views of our members, whether they are telling us we got something right, or that we got something wrong and I hope that as many of you will come along on February 19th as possible. Our Charity of the Year, the Charnwood Shelter project will benefit from every vote cast at the AGM and it would be fantastic to raise more money than we have ever done before.

I would like to thank the Society's staff for their efforts during what has been another busy and successful year. Our staff continue to "make a difference" on a daily basis and the feedback from our members suggests that above all things it is our staff who give the Loughborough its unique character. I would also like to thank my colleagues on the Board for their help and support during what has been a very challenging year for me personally. In particular I would like to thank Peter Jackson who left the Board in October for his contribution to the Society.

Finally I would like to thank you, our members, for continuing to use the Society and for recommending us to your friends and family. I believe that the Society has a great future ahead of it as long as we can continue to meet the hopes and aspirations of you, our members.

**Stephen Peete**  
Chief Executive  
13 December 2006

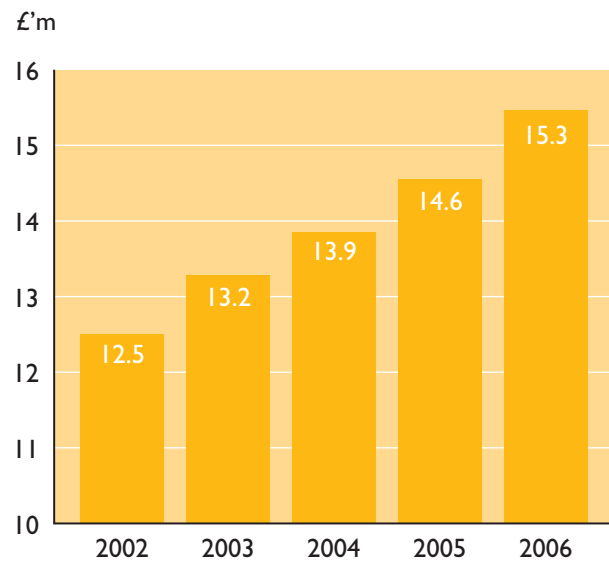
# Society Performance over the past 5 years

## Key Performance Indicators (KPIs)

The Board uses a number of KPIs to measure and monitor progress and performance. Over the past 5 years the Society has planned to grow in a controlled manner, ensuring that the interests of borrowers and savers are safeguarded. Some of the KPIs are illustrated below to show the progress the Society has made with the help of members and staff.

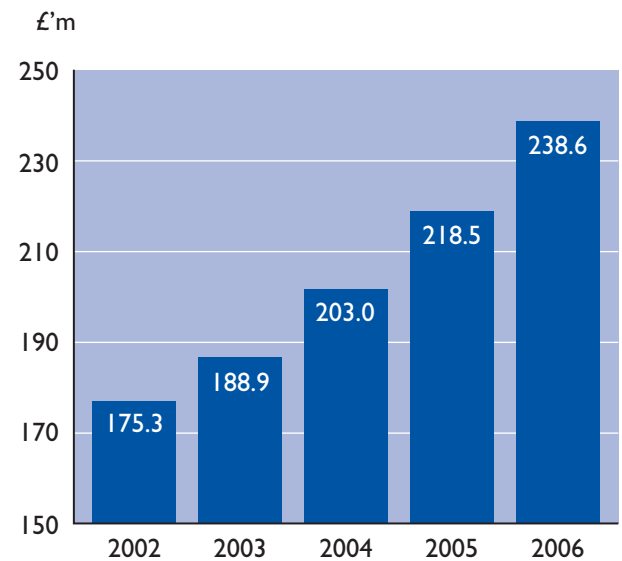
### General Reserves

The Directors remain committed to maintaining a strong capital position. The level of capital at October 2006 underlines the financial strength of the balance sheet.



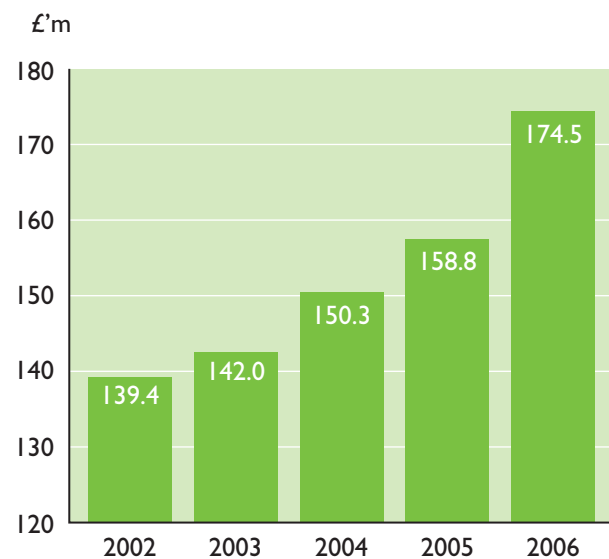
### Total Assets

The high quality of our products and services is reflected in sustained asset growth, in our core markets of mortgages and savings, over a five year period.



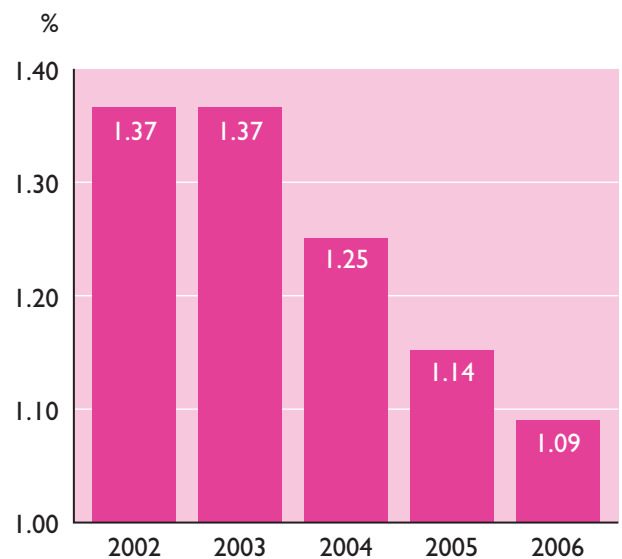
### Share Balances (excluding accrued interest)

The Society continues to offer competitive products to new and existing members, resulting in continued growth in share balances.



### Management Expenses % of Mean Assets (excluding exceptional items)

We aim to reduce our cost base each year. Lower costs allow us to maintain the branch network and offer competitive products for the benefit of all our members.



# Summary Financial Statement for the Year ended 31 October 2006

The Directors have pleasure in presenting the Summary Financial Statement of the Society for the year ended 31 October 2006.

This 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 the Loughborough Building Society from 19 January 2007.

Approved by the Board of Directors on 13 December 2006 and signed on its' behalf by: -

PR Blakemore, Chairman  
SP Mellors, Deputy Chairman  
SR Peete, Director and Chief Executive

## Summary Directors' Report

The Directors are pleased to present their 139th Annual Report, together with the Annual Accounts and Annual Business Statement of the Society for the year ended 31 October 2006.

## Business Objectives and Activities

The principal business of the Society is that of raising, primarily by the subscription of members, a stock or fund for making to them advances secured on land for their residential use.

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 all of our members.

## Principal Risks and Uncertainties

The Society has a risk aware culture which helps to protect members' interests and reduce exposure to the principal risks and uncertainties facing the business.

Building Societies operate in a highly competitive and regulated market with significant uncertainties arising from the general economic environment, which in turn will affect the UK housing market and levels of unemployment.

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

The Board is currently reviewing its risk assessment to meet the requirements of Basel II and the associated Capital Requirements Directive. Progress is being made and this risk based approach to capital will be incorporated into policies and procedures before the final implementation date of January 2008.

## Review of the Year

We are very pleased to be able to report that despite a number of major challenges, 2005/2006 has been another impressive year for the Loughborough. Assets rose in the year by 9.18% to a new record of £238.6 million. The growth in mortgage assets was 9.50%, to a new record of £196.3 million.

Despite concerns that were expressed at the start of the year, the U.K. economy has proved remarkably resilient. House prices have continued to move ahead encouraged by a stable interest rate environment. The Bank of England became more concerned about inflation as the year progressed and in August bank base rate was increased by 0.25% to 4.75%. In response the Loughborough raised its' Standard Variable Rate to 6.4% but not until October 1. The major proportion of the Society's lending was done in the first half of the year in anticipation of the move to a new I.T. system. The final figure of £54.1 million was in line with the target set at the beginning of the year. The quality of the Society's mortgage portfolio remains good with only 1 case in possession and no cases more than 12 months in arrear at year end. Overall levels of arrears have also reduced during the year.

Competition for retail funds has intensified during the year with a wide variety of new entrants into the U.K. market. We are pleased to report that the Loughborough has been successful both in attracting a retail inflow of more than £9.7 million during the year and in increasing the number of investor members. The Society has continued to offer a range of variable and fixed rate products, with the Classic Account for the over-50's and the Penguin Account for young savers proving to be the most popular accounts. Investors' balances have increased by £16.0 million and at the end of the year stood at

£178.0 million, another record. The Society has continued to play an active role in the wholesale money markets in order to smooth out fluctuations between savings inflows and mortgage demand.

Pre tax profit amounted to £1,048,000 in 2005/2006, with profit after tax at £749,000. The Society's Board continues to target a level of profit that is in line with the Society's mutual status and which allows the Society's members to benefit as much as possible. The credit for bad and doubtful debts amounted to £32,000. The Society has maintained its' financial strength with the capital ratios remaining more than adequate to satisfy foreseeable requirements.

## Information Technology

On August 21, the Society completed the successful implementation of a new I.T. system, provided by Bailey Computer Services, a wholly owned subsidiary of the Skipton Building Society. The project was delivered on time and under budget and the Board would like to thank all the staff for their support and dedication on this project. The move to a managed service will, in the Board's view, both mitigate risk to the business and reduce costs over the medium-term.

## Regulation

The Society is regulated by the Financial Services Authority (FSA) for all aspects of mortgage lending and administration, as well as for deposit taking and the provision of financial services. In addition the Society subscribes to the Banking Code and is a member of the Financial Ombudsman Scheme. The Board is concerned about the pressure caused by the constant flow of new regulatory requirements, including the new Capital Requirements Directive and introduction of International Accounting Standards which will undoubtedly add to the Society's costs over the next few years.

## Costs

The Society has again been successful in reducing its' management expenses ratio. The core figure for 2005/2006 fell to £1.09, a reduction of 5p from the previous year and a reduction of 28p over the last three years. The Board views the control of costs as playing an integral part in the Society's success and has continued to seek ways of reducing costs without compromising the level of service provided by the Loughborough, to all members.

## Directors

The following persons served as Directors during the year: -

### Non-Executive Directors

P R Blakemore BA, FCA	Chairman
S P Mellors FRICS	Deputy Chairman
J B Gibbins FCA	Chairman of Audit and Compliance
Mrs C D Clifford BA, FCIPD	(Appointed 31st October 2006)
P M Jackson FIMI	(Resigned 31st October 2006)
A Roberts LL.B	Senior Independent Director

### Executive Directors

S R Peete BA, FCIB	Chief Executive
Mrs C Joyce BA, ACIB	Operations Director
C G Bradley BSc, ACA, ACIB	Finance Director

The Directors would like to thank Peter Jackson, who resigned as a Director in October, for his contribution during his term of service on the Board. Peter brought his experience of running a small business to the Board and he played an important role on the Development and Marketing Committee. Mrs Cheryl Clifford joined the Board at the year end and brings wide experience as a Human Resources Consultant and as a non executive in the insurance industry. The Directors retiring in accordance with the Rules are Mr S. R. Peete and Mrs C. D. Clifford who, being eligible, offer themselves for re-election and election respectively. Mr J. B. Gibbins will not be standing for election at the February 2007 Annual General Meeting as he is leaving the Board before that date.

## Auditors

The auditors, KPMG Audit Plc have signified their willingness to continue in office and a resolution will, therefore, be proposed at the Annual General Meeting that they should be re-appointed as auditors of the Society.

## Management and Staff

The Directors would like to record their appreciation for the dedication and enthusiasm of the management and staff at the end of what has been a very successful year for the Society.

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

On behalf of the Board

**Paul R. Blakemore**, Chairman

13 December 2006

# Summary Financial Statement

For the year ended 31 October 2006

	2006 £000	2005 £000
<b>Results for the Year</b>		
Net interest receivable	3,412	3,334
Other Income and charges	196	224
Administrative expenses-ongoing	(2,491)	(2,410)
Administrative expenses-exceptional	(101)	(179)
Provisions	32	3
Profit for the year before taxation	1,048	972
Taxation	(299)	(279)
<b>Profit for the year</b>	<b>749</b>	<b>693</b>
<b>Financial position at the end of the year</b>		
<b>Assets</b>		
Liquid Assets	40,818	37,739
Mortgages	196,306	179,269
Fixed and Other Assets	1,464	1,516
<b>Total Assets</b>	<b>238,588</b>	<b>218,524</b>
<b>Liabilities</b>		
Shares	178,008	162,044
Borrowings	43,000	39,581
Other liabilities	1,510	1,578
Reserves	15,334	14,579
Revaluation reserve	736	742
<b>Total Liabilities</b>	<b>238,588</b>	<b>218,524</b>
<b>Summary of Key Financial Ratios</b>	<b>%</b>	<b>%</b>
Gross capital as a % of shares and borrowings	7.27	7.60
Liquid assets as a % of shares and borrowings	18.47	18.72
Profit for the year as a % of mean total assets	0.33	0.33
Management expenses as a % of mean total assets	1.13	1.23
Management expenses less exceptional items as a % of total assets	1.09	1.14

## Key Financial Ratios

**Gross Capital** comprises general reserves and revaluation reserve.

The gross capital ratio measures the proportion which the Society's capital bears to the Society's liabilities to holders of shares and borrowings.

Gross capital provides a financial buffer protecting investors against any losses that might arise from the Society's activities. The Board is committed to providing a secure home for investors' funds and Loughborough Building Society has a gross capital ratio in line with that of the Building Society industry.

**The liquid assets ratio** measures the proportion of the Society's shares and other borrowings that are held in the form of cash, short-term deposits and government stocks. Liquid assets are generally readily realisable into cash, enabling the Society to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.

**Profit for the year as a percentage of mean total assets** measures the ratio of profit after taxation for the year to the average value of total assets during the year.

The Society needs to make a reasonable level of profit each year in order to maintain its gross capital ratio at a suitable level to protect investors' funds. The Directors believe the profit for the year is consistent with the aims of mutuality.

**Management expenses as a percentage of mean total assets** measures the proportion of administrative expenses, including depreciation, as a percentage of the average value of total assets during the year.

# Statement of the independent auditors to the members and depositors of Loughborough Building Society

We have examined the summary financial statement set out on pages 3 to 5.

This auditors' statement is made solely to the society's members as a body, and to the society's depositors, as a body, in accordance with Section 76 of the Building Societies Act 1986. Our 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 work, for this statement, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

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 accounts, 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 in the Business Review and Summary Financial Statement containing the summary financial statement and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

## Basis of opinion

We conducted our work in accordance with Bulletin 1999 / 6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board for use in the United Kingdom. Our report on the society's full annual accounts describes the basis of our audit opinion on those annual accounts.

## Opinion

In our opinion the summary financial statement is consistent with the annual accounts, the annual business statement and directors' report of Loughborough Building Society for the year ended 31 October 2006 and conforms with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

### **KPMG Audit Plc**

Chartered Accountants  
Registered Auditor

Birmingham  
13 December 2006

# Directors' Remuneration Report

The purpose of this report is to inform members, in line with good corporate practice, of the policy for the remuneration of the Society's Executive Management Team 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 Board Staff and Remuneration Committee reviews and recommends to the Board the policy and practice on the remuneration of Executive Directors. The Committee takes into account relevant factors from both the FSA code of governance for Building Societies and the Combined 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, with 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 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 Staff and Remuneration Committee comprises four Non-Executive Directors, as detailed on page 11. Meetings of the Committee are also attended by the Chief Executive, as appropriate. The Chief Executive withdraws from the meeting when his own remuneration is being considered.

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

## Executive Directors' Remuneration

Remuneration of the Society's Executive Management Team comprises a number of elements: basic salary, annual and medium term incentive schemes, contributions to pension schemes and other benefits.

### Basic 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 Bonus

The Annual Bonus is an incentive scheme that provides non-pensionable rewards directly linked to the achievement of key performance targets of both the Society and the individuals themselves. Performance targets are reviewed annually, by the Society's Board, to ensure they are aligned to business priorities. The overall objective is to improve Society performance whilst maintaining the financial strength of the Society for the benefit of its members. The maximum figure payable is 10% of basic salary, the amount payable for 2005/06 was 6%.

### Medium Term Bonus

This was introduced in the 2003/04 financial year and is based on the achievement of specific key targets over a three year period to October 2006. The selected targets over this period were asset growth, reduction of core costs and the successful completion of annual projects. The maximum payment achievable under the scheme was set at 10% of basic salary at October 2006, and this is the percentage that is payable. Payments are non-pensionable. A new scheme is under consideration for the period commencing 2006/07.

### Pension Benefits

The Society operates a contributory money purchase scheme and makes contributions for all qualifying staff, including the executive directors. The Society also operates a death in service scheme for all members of the pension scheme. The scheme provides a lump sum of four times basic salary in the event of death in service.

## Other Benefits

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

## Service Contracts

All executive directors are employed on service contracts, which can be terminated by the Society on one year's notice and by the individual executives on 6 months notice. The contracts terminate at age 65.

## Non- Executive Directors' Remuneration

Non-Executive Directors are remunerated solely by fees. The Board's policy is to increase the fees annually in line with the general percentage rise in staff salaries. They do not have service contracts and they do not receive any salary, pension, bonus incentives or other taxable benefits. The fees paid reflect time spent on Society affairs including membership of Board committees.

## Directors' Remuneration

### Executive Directors (£ '000)

2006	Salary	Annual Bonus	Medium Term Bonus	Pension Contributions	Benefits	TOTAL
S R Peete	92	5	9	11	11	128
C Joyce	65	4	7	7	8	91
C G Bradley	65	4	7	9	8	93
<b>TOTALS</b>	<b>222</b>	<b>13</b>	<b>23</b>	<b>27</b>	<b>27</b>	<b>312</b>

2005	Salary	Annual Bonus	Pension Contributions	Benefits	TOTAL
S R Peete	87	7	10	11	115
C Joyce	63	5	6	7	81
C G Bradley	62	5	8	8	83
<b>TOTALS</b>	<b>212</b>	<b>17</b>	<b>24</b>	<b>26</b>	<b>279</b>

### Non Executive Directors (£ '000)

	Fees	
	2006	2005
P R Blakemore (Chairman)	29	28
S P Mellors (Deputy Chairman)	22	21
J B Gibbins (Chairman of Audit and Compliance)	21	20
P M Jackson (resigned 31 October 2006)	18	17
A Roberts	18	17
<b>TOTALS</b>	<b>108</b>	<b>103</b>

Paul R. Blakemore, Chairman Staff and Remuneration Committee

13 December 2006

# Corporate Governance Report

## Corporate Governance

The Society's Board views good corporate governance as playing an essential role in discharging the Board's responsibilities to the Society's members. The Board believes that the Society complies fully with the Code of Governance contained in Chapter 3 of the Interim Prudential Sourcebook for Building Societies issued by the Financial Services Authority.

The Combined Code of Corporate Governance ("the Combined Code") issued in 2003 applies to UK listed companies and it is not compulsory for Building Societies. The Board does however have regard to the Combined Code when reviewing corporate governance arrangements.

## The Board of Directors

The Board's principal functions are to focus on strategic issues, to provide guidelines and parameters within which the business is managed, to review business performance on a regular basis and ultimately to safeguard the interests of members. The Board operates through regular meetings and via a series of Committees, all of which have written terms of reference and established reporting procedures. The major Committees are those relating to Audit and Compliance, Nominations, Staff and Remuneration, Assets and Liabilities and Development and Marketing.

At the end of October 2006 the Board was made up of 5 non-executive directors, including the Chairman and Deputy Chairman, and 3 executive directors. The Board views all the non-executive directors as being independent in character. Mr. Scott Mellors is the managing partner of John German Estate Agents who operate as managers of the Society's valuation services. The size and composition of the Board is subject to regular review to ensure both adequate succession and that the Board has the necessary skills and experience to direct the Society's activities. Independent Directors are not expected to serve more than three full 3 year terms. Any total term lasting for more than 9 years will be approved only in exceptional circumstances, and then only on the basis of annual re-election. The maximum age for any Director is 70 at which point retirement is mandatory.

The Board has elected Mr. Alan Roberts as the Society's Senior Independent Director. Mr. Roberts is available to members if they have concerns regarding their membership of the Society which contact through the normal channels of Chairman, Chief Executive or Finance Director has failed to resolve or for which it is considered inappropriate.

All Directors are Approved Persons as defined by the Society's regulator, the Financial Services Authority (FSA) and must continue to maintain the 'fit and proper' requirements of the FSA and comply with the FSA Principles for Approved Persons and its Code of Practice.

All Directors are provided with clear, timely and accurate information for the effective conduct of business, including an established list of items for review and regular financial updates.

All Directors are given appropriate training following their appointment and are encouraged to attend industry events, seminars and training courses to maintain an up to date knowledge of the industry and the regulatory framework within which the Society operates. All Directors are entitled to seek independent professional advice at the Society's expense.

Each year all of the Directors are subject to a formal appraisal. The Chief Executive carries out an appraisal of both the Finance Director and the Operations Director based on a range of business and personal objectives agreed at the beginning of each year. The Chairman carries out the Chief Executive's appraisal, with performance also being measured against a range of business and personal objectives. The Staff and Remuneration Committee then discuss these appraisals with the other non-executive Directors, prior to agreeing any increase in remuneration.

The Chairman carries out an appraisal of the non-executive Directors, basing his assessment on each Directors contribution to the Board's performance, using criteria such as attendance, performance at meetings and additional training and development. The Chairman's performance is assessed by the Senior Independent Director, and pays special attention to the way in which the Chairman leads the Board and the effectiveness of the Board in formulating the Society's strategy.

Different people carry out the roles of Chairman and Chief Executive. The main role of the Chairman is to lead the Board and to ensure that it operates effectively. The Chief Executive's role is to put into effect the strategies agreed by the Board and the general operational management of the Society.

The effectiveness of the Board and of the Board Committees is reviewed annually, with a formal discussion at the first Board Meeting after the Society's Annual General Meeting. The discussion considers the Society's performance against its peers, the views of both internal and external audit and the results of any reviews or themed visits carried out by the FSA.

## Appointments to the Board

The Society has a recruitment policy, agreed by the Board, which details the process by which new Directors are appointed. All new Directors are then subject to election by the members at the Annual General Meeting, held in the next financial year following the Directors' appointment, in accordance with the Rules of the Society. The Rules also provide that all Directors must put themselves forward for re-election at least once every three years. On 31 October 2006 the Society appointed Mrs. Cheryl Clifford to the Board. Mrs. Clifford's appointment was made by means of an executive search company, working to criteria defined by the Nominations Committee. The company created a short list of candidates who were interviewed by the Nominations Committee, which then made the final choice.

## Attendance at Board and Committee Meetings

The number of Board and Committee meetings attended by each Director during the year is shown below

	Board	Audit and Compliance	Assets and Liabilities	Nominations	Staff and Remuneration	Development and Marketing
P R Blakemore (Chairman)	12	*	4			*
S . Mellors (Deputy Chairman)	12	4	4	*		4
C G Bradley	12	*	4	*	*	4
J B Gibbins	12	4	*	*	*	*
P M Jackson (resigned 31 October 2006)	12	*	*	*		4
C Joyce	11	*	4	*	*	4
S R Peete	11	*	4	*	*	4
A Roberts	12	4	*			*
Number of Meetings	12	4	4			4

\*not a member of the Committee

## Audit and Compliance Committee

The Committee considers regulatory compliance matters, the adequacy of internal controls and evaluation of risks. It also reviews both internal and external audit reports, monitors the effectiveness of internal and external auditors and agrees the annual internal audit plan.

The following non-executive directors served during the year: J B Gibbins (Chairman), S P Mellors and A Roberts.

The Chief Executive and Finance Director, together with representatives from both internal and external auditors, also attend the quarterly meetings of the Committee, by invitation. Part of each meeting takes place without the Executives being present. Other members of the Society's management team attend the Committee as required.

# Corporate Governance Report

Continued

## Assets and Liabilities Committee

The remit of this Committee is to monitor risks on both sides of the balance sheet, including the use of derivatives for fixed rate products. The Committee also reviews the structure of interest rates and the treasury activities of the Society.

The following directors served during the year:  
S.R. Peete (Chairman), P.R. Blakemore, C.G. Bradley,  
C. Joyce and S.P. Mellors.

## Nominations Committee

The Nominations Committee is responsible for making recommendations on appointments to the Board, to ensure that it comprises sufficient Directors who are fit and proper, independent and who can meet the collective and individual responsibilities of Board members efficiently and effectively. The Committee also reviews Board succession planning in the light of the challenges and opportunities facing the Society, and audits the skills and expertise the Board will require in future.

The following non-executive directors served during the year:  
P.R. Blakemore (Chairman) and A. Roberts.

## Staff and Remuneration Committee

The Staff and Remuneration Committee is responsible for determining the remuneration of the executive directors within a framework agreed with the full Board. The Committee also considers the recommendations of the Executive Directors relating to the remuneration of all Society staff, before approving any overall increase in the level of staff remuneration. The Directors' Remuneration Report is set out on pages 7 and 8.

The Combined Code states that the Committee should set the remuneration of the Chairman. However the Board believes that the remuneration of all non-executive Directors should be determined in the manner described in the Directors' Remuneration Report.

Meetings of the Committee are held as required and are normally attended by the Chief Executive, who withdraws from the meeting when his own remuneration is under discussion.

The following non-executive directors served during the year:  
P. R. Blakemore (Chairman), P. M. Jackson, S. P. Mellors and  
A. Roberts.

## Development and Marketing Committee

The Committee meets on a regular basis to assess development and marketing strategy and opportunities to promote the Society's activities and products.

The following directors served during the year: S.P. Mellors  
(Chairman), C.G. Bradley, P.M. Jackson, C. Joyce and S.R. Peete.

**P.R. Blakemore**, Chairman  
13 December 2006

# Loughborough Building Society Sundry Charges

From 1st March 2007

## General

£

Unpaid cheque/direct debit		25
Cheque re-issues		10
Breakdown of transactions (letter)	minimum	20
Telegraphic transfer of funds (UK)		30
Data Protection Act enquiry		10

## Mortgages

Deeds release fee		50
Sealing fee on redemption of mortgage (waived if term expired or replacement mortgage is taken out)		90
Duplicate MIRAS 5		15
Backdated MIRAS 5		20
Duplicate statement		25
Letter confirming outstanding balance		10
Redemption statement (second & subsequent)	each	35
Second mortgage questionnaire		50
Consent to second charge		50
Own property insurance		30
Copy of deeds		25
Permission to let property		60
Unauthorised letting of property		100
Deed of postponement		60
Sale of part security		100
Change of repayment type		30
Change of term		30

**A charge may be levied for the provision of a mortgage reference to another financial institution**

## Residential Loans

£

Application fee Residential Property to let		250
Application fee Further Advance		100

## Commercial Loans

Application Fee (non refundable)		200
Arrangement fee	1% of loan, minimum	500
Annual management fee		125
Further Advance Application	1% of loan, minimum	250

## Valuation Fees

A scale of valuation fees for mortgage purposes is available on request

## Arrears/Possessions

Arrears letter (Residential – 2nd & subsequent)	each	30
Arrears letter (Commercial)	each	30
Arrears visit (plus WHMS charge)		40
Instruction of solicitors		60
Cancellation of bailiff appointment		25
Mortgage Possession fee (Residential)		300
Mortgage Possession fee (Commercial)		500
Mortgage Possession fee (Second Charge)		150
Capitalisation of rent arrears		50

## Investments

Telegraphic transfer of funds abroad		25 plus bank charges
Bank Draft		25 plus bank charges
Clearance of foreign cheque		25 plus bank charges
Special cheque presentation		20
Stopped cheque (only if lost or stolen)		20
Lost/duplicate passbook		15
Duplicate statement (Postal account)		20
Investors interest certificate (other than Section 352)		20
Duplicate Section 352 certificate		15
Accountants/Audit letter		35
Cash deposits – coins £10 to £100	1 except junior savers accounts	
Cash deposits – coins over £100		1%

**A charge is made of £5.00 per £1,000 for cash withdrawals above £2,000 within a 7 day period.**

**The same charge will also apply for large deposits in notes if these cannot be used by the Society**



#### Head Office

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