The Loughborough Building Society

Annual Report and Accounts 2023

Contents

Key Performance Indicators

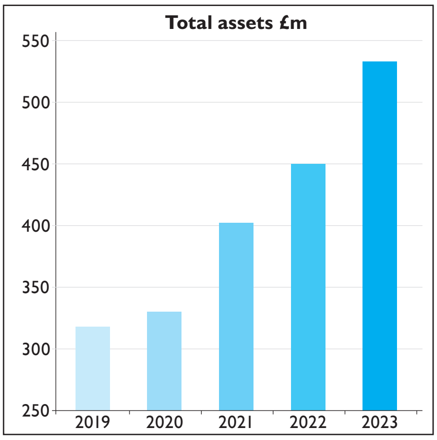
Founded in 1867, Loughborough Building Society remains true to the ideals of the group of local businessmen who got together to provide the people of Loughborough and District with opportunities to save and borrow money.

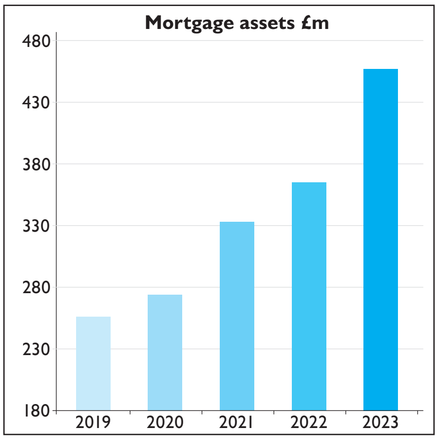
For over 150 years the Society has been helping people to buy their homes and save for their future and is proud to have remained an independent, mutual provider of mortgages and savings.

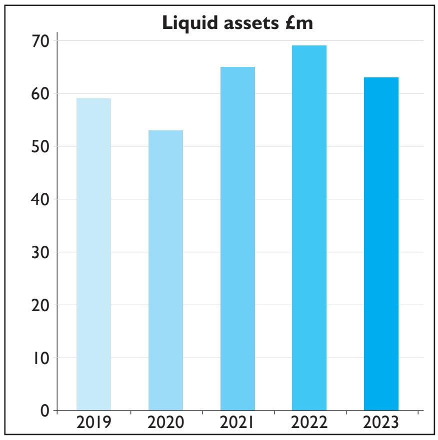
As a mutual building society, we're owned by our customers – our savers and borrowers. To us you're more than a customer; you're a member and an individual.

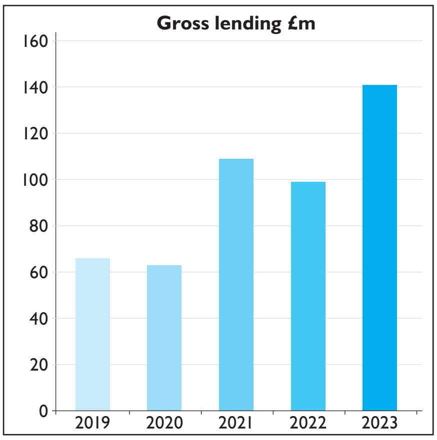
Unlike banks, being a mutual business means we don't have shareholders or dividends to pay. The Society is able to take a long term view and balance the needs of its members for competitive interest rates with the requirement to make enough profit to support capital and allow for continuing investment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

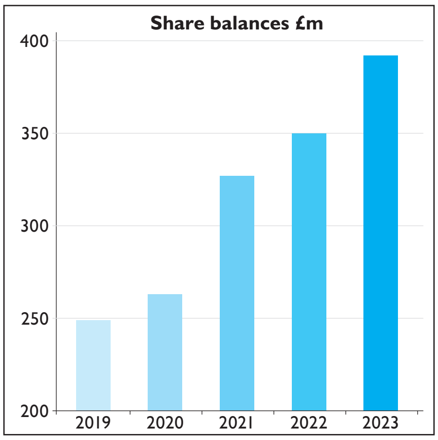
The Board manages the Society and oversees the agreed strategy using a variety of performance and control reports, including the use of key performance indicators. The graphs below show progress over the last five years across a number of key indicators. The calculation of each of the key performance indicators is explained on page 62.

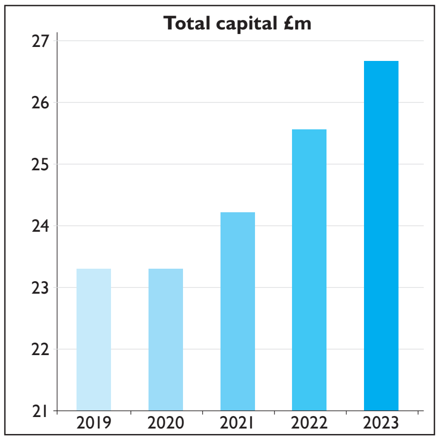


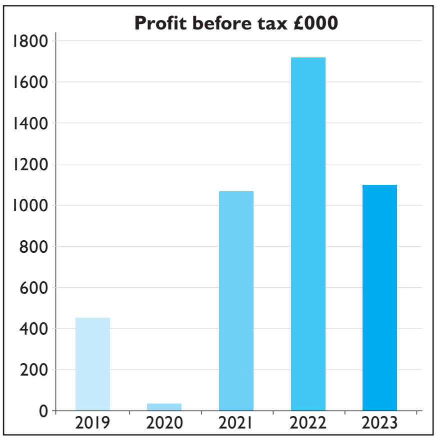


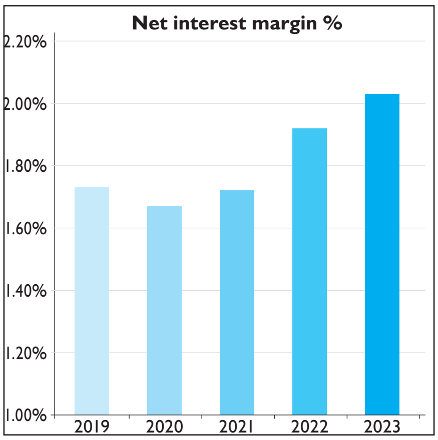


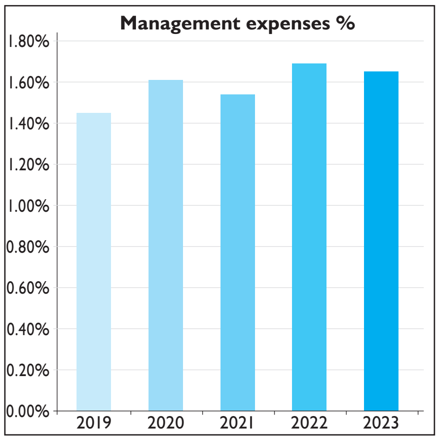












Directors' Report

The Board are pleased to present their 156th Annual Report, together with the Annual Accounts and Annual Business Statement of Loughborough Building Society for the year ended 31 October 2023.

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 2023 has been impacted by a continuation of high inflation and global geopolitical uncertainty. Base rates have increased from 2.25% at the start of the financial year to 5.25% at the end of October. In the same period the Society has only moved its SVR by 1.60%, helping those struggling with rising costs elsewhere in their budgets.

During the year we have also seen significant geopolitical uncertainty with the continuing Russia-Ukraine war and the more recent Israel-Gaza conflict. The Society has no direct exposures linked to Russia/Ukraine or Israel/Gaza.

Our experience to date is that there has been no material change in mortgage arrears. However, the matters outlined above may lead to increasing numbers of borrowers getting into difficulty in maintaining their mortgage payments. The Board remains conscious of the level of uncertainty within the economy at this time, and as a signatory to the Mortgage Charter will provide support to members facing difficulty in maintaining their mortgage payments.

As interest rates have risen the Society has continued to review and increase its rates for savers. We are aware that these increases have been welcomed by savers, particularly after 15 years of very low rates, but we are also conscious that rising prices will mean that they potentially have less to save or that they may need to use their savings to pay the bills. Our aim, as always, is to provide consistent, fair pricing to savings members.

Lending and Saving

Competition remains intense in both lending and savings markets. The view that UK base rates may have peaked, together with a reduction in interest rate swap prices, has resulted in a reduction in mortgage pricing, particularly for fixed rate products. For savers a similar pattern has been seen with competition for retail deposits in the wider market resulting in higher savings rates for these products. The Society is not immune from these market conditions and has been continually updating its savers' and mortgage rates. The Society's objectives are to reward its savers with sustainable pricing that equally works for existing customers as well as attracting new ones.

In 2023 the Society delivered gross mortgage advances of £141m, a record high (2022: £99m). This, together with strong retention of existing mortgage balances resulted in net mortgage book growth of £92m (2022: £32m). This is the seventh 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 2024 the Society will deploy new IT capability to improve the efficiency of its mortgage lending activity. To ensure the safe delivery of this project a lower level of gross and net mortgage lending is being targeted for the 2023/24 financial year.

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

By the same token the Society's net savings receipts of £42m were significantly up on the 2022 year of £23m. The majority of the savings business continues to be conducted through the branch network, although the Society has used commercial cash platforms strategically over the last three 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 Society's mortgage balances were over 86% funded by member share accounts (2022: 98%) and this provides a good level of funding security in the event of problems in the generally more volatile wholesale markets. During 2023 the Society utilised some of its surplus liquidity to fund record net mortgage book growth. The Society makes use of the wholesale money markets to provide diversity within its funding strategy. The Society also uses Bank of England funding facilities to provide some ongoing funds and to provide guaranteed emergency funds in the unlikely event of such funding being required.

Profitability

Profit before tax for the year was £1,099,000 (2022: £1,721,000). A number of factors have influenced the financial performance of the Society in 2023 including a £1.8m increase in net interest income arising from growth in interest generating assets and a widening of the Society's net interest margin, a £1.3m increase in costs which arose due to investment in people and systems as part of the Society's IT change programme and general inflationary pressures and the fact that the prior year profit before tax included a net gain from derivative financial instruments of £0.9m (2023: fair value loss of £37k). These fair value movements are the result of the 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.

Pre-tax profits excluding hedging gains remain improved to £1.1m (2022: £0.8m), with growth in the overall size of the Society's mortgage portfolio supporting this improvement in financial performance. After many years of unrelenting squeeze on interest margin the increasing interest rates seen during the year have enabled the Society to improve its margin over the course of the year, and net interest income of £10.0m is £1.8m higher than 2022.

Set against this, administrative expenses (including depreciation and amortisation) have increased during the year from £7.3m in 2022 to £8.1m in 2023.The Board recognises the importance of running the Society as efficiently as possible in order not only to support members' interests, but it also recognises the need to invest in people, equipment and new technology. The Society has not been immune from inflationary pressures although care has been taken to ensure that an efficient operating model is deployed. During 2023 as part of the investment in digital technology the Society began the development of a new mortgage origination platform and allied services. Once implemented this will improve the customer experience during the mortgage loan application process regardless. of channel and help our employees handle business more effectively. It will also help make our internal processes more efficient and effective.

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 charge of £628,000 during the year, compared to £18,000 in 2022. This charge reflects weakness in the wider UK housing market which has seen price reductions per the Halifax Price Index of c4% in 2023 rather than any specific loss being incurred on the sale of properties or increasing arrears levels.

Although arrears remain low, both across the market generally and for the Society in particular, the Board remain cautious about the recoverability of recent house price gains in the event of a general market deterioration and have provided accordingly.

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 £54,000 (2022: £42,000).

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. Where Fitch data is not available management applies judgement, especially in the case of commercial loans.

In the Society's case, PD data published by the Fitch ratings agency is used for this purpose. Over the year the provision for collective impairment increased from £450,000 in 2022 to £1,066,000 at the 2023 financial year end. This increase is due to house price index reductions in 2023 and the Society's view that should properties be taken into possession then sale of such properties would take longer. The Society's time to sell assumption for residential properties was increased from 12 to 24 months.

The overall level of arrears remains low. However, the economic situation remains uncertain, and the impacts of rising interest rates and other increases to the cost of living have not yet fully fed through to mortgage arrears. Any member facing difficulties maintaining mortgage payments is encouraged to contact the Society as early as possible so that we can work together on a solution.

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, product changes and frequently increasing rates to savers. The branches have continued to provide the personal attention that customers require and appreciate. During the year Head Office staff have continued to operate flexibly using a combination of home and office working. We see this flexibility of mixing home and office based 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. We have been supported by an expert third party in modelling a range of long-term climate scenarios on our mortgage book and will use this to determine how we can best support our borrowers to improve the energy efficiency of their own homes. The Society will be moving to new head office premises in 2024 and as part of refurbishing this property careful consideration is being given to the environmentally optimum means of heating and cooling the premises. Additionally, highly energy efficient LED lighting will be deployed throughout the building and installing solar panels to source some of our business's energy requirements.

Once this work is complete, we will commission a full carbon footprint assessment and use this 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 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, may default on their obligation to pay. As noted earlier, the Board are also conscious of the risk that increases in house prices may not prove recoverable in the event of a general economic downturn, a risk that is heightened by the current cost of living crisis, and have adjusted the loan impairment provision accordingly.
- **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 has increased from 2.25% at 31st October 2022 to 5.25% in December 2023. 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 and geo-political 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 Bank of England schemes 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. This risk will be heightened in 2023/24 as the Society completes a significant IT change programme.
- **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 maintaincapital 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. The Society has also engaged in work to meet the requirements of the PRA's supervisory statement SS3/19, which sets out regulatory expectations in response to climate risk. In light of this, 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 a substantial cost for mortgage customers. The impact of this has been considered during 2023 as part of the Society's annual assessment of its capital position and the impact on this of various stress scenarios.

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.

Regulation

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

Going Concern

The Board has prepared forecasts of the Society's capital position, financial position and liquidity for the period ending twelve months from the date of approval of these financial statements. These forecasts also consider the effect on the Society's business, financial position, capital and liquidity of operating under stressed but plausible operating conditions, including the impacts of rising interest rates and other increases to the cost of living.

As a result of this, the Board is satisfied that the Society has adequate resources to continue in business for the period of at least twelve months from the approval of annual report and accounts. Accordingly, the accounts continue to be prepared on a going concern basis.

Culture

The Chair promotes a culture of open debate and sets the direction of the Board, facilitating and encouraging effective contribution and challenge from Directors, and maintaining constructive relations between Non-Executive and Executive Directors. Evidence is contained within Board and Board Committee minutes which are approved by all Committee members.

The Board and its committees monitor culture using a range of assessment measures and by seeking the views of the

Internal Audit firm as it carries out its work across the year. The Society's values and personal performance framework promote our target culture. They also encourage and reward behaviours that are in the best interests of our Members and fellow employees. The performance framework requires examples of behaviours that demonstrate the target culture. The Society has a nominated Non-Executive Director to act as employee liaison in support of the corporate governance code expectations in this area.

Liquid Assets

Liquid assets in the form of cash and investments amounted to £63m (2022: £69m) representing 12.7% (2022: 22.3%) of shares and borrowings. Liquidity requirements are reviewed by the Board on an ongoing basis and annually as part of the Society's Individual Liquidity Adequacy Assessment Process (ILAAP), ensuring that the Society has at all times adequate resources to meet its commitments as they fall due. The ILAAP is reviewed by the Assets and Liabilities Committee before being approved by the Board. The Society has invested its liquid funds under the challenging interest rate environment without sacrificing quality and accessibility and has maintained an adequate level of high quality liquid assets (in the form of deposits with the Bank of England), as required for all deposit taking institutions by the PRA. The Society meets its regulatory requirements under Capital Requirements Directive (CRD) for the liquidity coverage ratio. The Society is also a member of the Bank of England's Discount Window Facility which is a source of short-term collateralised borrowing.

Loans and Advances

The total number of mortgages completed during the year was 736 (2022: 553) plus 215 (2022: 271) further advances on existing accounts, the total amount advanced being £141m (2022: £99m).

Mortgage Arrears and Forebearance

At the end of the year, there were two cases (2022: no cases) where mortgage repayments were twelve months or more in arrears. There were three (2022:3) cases in the Society's possession at the year end. These are held short term to satisfy loan repayments.

The Society uses forbearance measures to assist those borrowers experiencing financial difficulty. Where it is considered there is a possibility of a loss in such cases, a provision has been made in accordance with the Society's accounting policy for losses. There were 3 cases (2022: 4 cases) with balances outstanding of £459,000 (2022: £294,000) where forbearance measures such as transfer to interest only and deferred payments were in place at the year end.

Profits and Capital

The Board seeks to achieve a level of profit and capital that is in line with the Society's mutual status. Profit after tax transferred to general reserve was £841,000 (2022: £1,360,000). The reasons for the decrease in profit transferred to the general reserve are explained in the Business Review section of this report.

The Society has maintained its financial strength with capital ratios remaining satisfactory for foreseeable requirements. At 31 October 2023, free capital amounted to £23.2m (2022: £22.4m) or 4.7% (2022: 5.5%) of total shares and borrowings.

Gross capital amounted to £26.4m (2022: £25.6m) or 5.32% (2022: 6.24%) of total shares and borrowings. The definitions of free capital and gross capital are shown in the Annual Business Statement on page 61.

The Board meets the requirements of the Capital Requirements Directive (CRD) under which the Society conducts an assessment of the adequacy of its capital and resources through an Internal Capital Adequacy Assessment Process, (ICAAP). The Board is satisfied that the Society holds adequate capital to meet the CRD's Pillar 1 minimum requirements and its own assessment of risks under Pillar 2. The Board approves and adopts the ICAAP on an annual basis, after detailed consideration by the Risk Committee.

The Pillar 3 disclosures under the CRD are available on the website or from the Secretary of the Society on request. The "Country-by-Country" reporting required under Article 89 of the CRD is disclosed on page 60.

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	
S.M.S. Choudhry PhD, FCSI, FLIBF	

Executive Directors

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

Appointments

RM Broadbent (Finance Director): 7 November 2022
SE Lee (Risk & Compliance Director and Society Secretary): 1 March 2023

Retirements

None

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.

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 Mazars LLP as auditors to the Society will be proposed at the forthcoming AGM.

On behalf of the Board
Helen Sachdev,
Chair of the Board
11 January 2024

Corporate Governance Report

The Board is responsible for the governance of the Society on behalf of the members. The Board is committed to good practice in corporate governance, and has regard to the principles of the UK Corporate Governance Code (the Code) issued by the Financial Reporting Council. The Code is addressed to listed companies, but the Board agrees with and supports its general principles. This report explains how the Society has regard to the principles of the Code insofar as it applies to a building society.

A revised UK Corporate Governance Code was issued by the Financial Reporting Council in July 2018 and applies to accounting periods beginning on or after 01 January 2019. This is the fifth year the Society has reported against the revised Code.

Code Section 1 – Board leadership and company purpose

Principle A – A successful company is led by an effective and entrepreneurial board, whose role is to promote the longterm sustainable success of the company, generating value for shareholders and contributing to wider society.

Principle B – The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.

Principle C – The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.

Principle D – In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.

Principle E – The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

Board comment

The Board's principal functions are to focus on strategic issues, to provide policies and parameters within which the business is to be managed, to review business and financial performance on a regular basis and to ensure that effective systems and controls are in place for risk management. All of these functions have the aim of creating security and long term value for members. The Board is also aware of the Society's role as a mutually owned business and believes that ensuring such businesses remain sustainable provides important choice and competition in the financial services sector.

The Board meets typically ten times a year and there is a formal schedule of matters that are reserved for the Board meeting. Board members have full and timely access to all of the information that they require to discharge their duties effectively.

The Statement of Directors' Responsibilities on page 20 sets out the Board's responsibilities in relation to the preparation of the Society's Annual Report and Accounts. A statement that the Society's business is a going concern is included in the Directors' Report on page 7.

As a mutual organisation the Society has members rather than shareholders. The Society seeks the views of members in a variety of ways. The Society circulates all members with a magazine, "Hi Society", twice each year. These measures serve to increase the understanding of members' issues and keep in touch with members' opinions.

Each year the Society sends details of the Annual General Meeting (AGM) to all members who are entitled to vote. Members are encouraged to vote by completing a proxy form and returning it to the Society or by attending the AGM itself.. Members are offered a choice as to how they may cast their vote, either by postal proxy, on-line voting or attendance at the AGM. For a number of years the Society has encouraged members to vote by linking the number of votes cast to a donation to 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.

All Directors are given appropriate training on induction and following their appointment are encouraged to attend events, seminars and training courses to maintain an up to date knowledge of the industry and the regulatory framework within which the Society operates.

The Chair, with the assistance of the Society Secretary, ensures that all Directors receive 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 entitled to seek independent professional advice, in respect of their role as a Director of the Society, at the Society's expense.

The Society maintains liability insurance cover for all Directors.

The Board delegates, to a number of committees, specific issues to discuss in greater depth than would be possible during Board meetings. Each committee has Terms of Reference that are approved by the Board and which are available from the Society's Secretary on request. Details of the committees are set out below.

Audit and Compliance Committee

This Committee considers regulatory compliance matters, internal and external audit arrangements, adequacy of internal controls and financial reporting. Full details of the work of this Committee can be found in the Audit and Compliance Committee Report on pages 15 to 16.

Assets and Liabilities Committee

The remit of this Committee is to monitor financial, liquidity and treasury risks on both sides of the balance sheet, including the use of derivatives for fixed rate products. The Committee reviews in detail financial projections and the Individual Liquidity Adequacy Assessment Process (ILAAP). The Committee also oversees the work plan for the monthly Management Assets and Liabilities Committee (MALCO) and reviews its output.

The Committee meets at least quarterly and also reviews the structure of interest rates and the treasury activities of the Society.

The following Directors served during the year: G. Brebner (Chair), H.E. Sachdev, J.E. Pilcher, C.J. Ashton, S.M.S. Choudhry, M. Wade, R.M. Broadbent, S.E. Lee.

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 annually reviews Board succession planning in the light of the challenges and opportunities facing the Society and reviews the skills and expertise the Board will require in future.

The following Non-Executive Directors served during the year: H.E. Sachdev (Chair), R.L. Curtis and R.W. Barlow.

Remuneration Committee

The Remuneration Committee is responsible for determining the remuneration policies and practices of the Society, within a framework agreed with the full Board, with due regard to the Remuneration Code. 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 policy is described in the Directors' Remuneration Report on pages 17 to 19.

The following Non-Executive Directors served during the year: R.L. Curtis (Chair), H.E. Sachdev, C.J. Ashton and R.W. Barlow.

Risk Committee

The Risk Committee is responsible for the oversight and challenge of the Society's risk management framework to identify, manage and mitigate key risks within the organisation. The Committee will, as required, review and recommend risk strategy, policies and risk limits in accordance with the overall risk appetite of the Society.

The Committee meets at least quarterly and also considers the Credit Policy and the Internal Capital Adequacy Assessment Process (ICAAP).

The following Non-Executive Directors served during the year: J.E. Pilcher (Chair), R.W. Barlow and S.M.S. Choudhry. In addition, the Executive Directors attend by invitation.

IT Programme Board

The IT Programme Board is responsible for monitoring and controlling the progress of the IT change work to be carried out in 2023 and 2024. The committee acts as a decision making body for the work in scope and provides direction and support to the individual projects. It can agree changes in deliverables and the overall timetable.

The following Directors served during the year: C.J. Ashton (Chair), G. Brebner, M. Wade and R.M. Broadbent.

Attendance at Board and Committee Meetings

The number of Board and Committee meetings attended by each Director during the year is shown over. Figures in brackets indicate the number of meetings which the Director was eligible to attend.

	Board	Audit and Compliance	Assets and Liabilities	REMCO	Nominations	Risk
H.E. Sachdev	11 (11)	*	5 (5)	6 (6)	3 (3)	*
G. Brebner	11 (11)	**	5 (5)	Note 1	Note 1	**
C.J. Ashton	11 (11)	6 (6)	4 (5)	6 (6)	*	*
J.E. Pilcher	9 (11)	*	5 (5)	*	*	8 (8)
S.M.S. Choudhry	9 (11)	*	4 (5)	*	*	6 (8)
R.L. Curtis	11 (11)	5 (6)	*	6 (6)	3 (3)	*
R.W. Barlow	11 (11)	6 (6)	*	6 (6)	3 (3)	5 (8)
M. Wade	10 (11)	**	5 (5)	*	*	**
R.M. Broadbent	11 (11)	**	5 (5)	*	*	**
S.E. Lee (from 1 Mar 2023)	8 (8)	**	3 (3)	*	**	**
Number of meetings	11	6	5	6	3	8

* Not a member of the Committee
** Executive Directors are attendees of the Committee
Note 1 CEO attends Nominations and Remuneration Committees

Code section 2 – Division of responsibilities

Principle F – The chair leads the Board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.

Principle G – The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision making. There should be a clear division of responsibilities between leadership of the board and the executive leadership of the company's business.

Principle H – Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

Principle I – The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

Board comment

The offices of Chair and Chief Executive are distinct and held by different people. The main role of the Chair 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 Chair sets the Board's agenda and ensures that sufficient time is available for discussion of all agenda items. The Chair promotes a culture of openness and encourages effective discussion between both Executive and Non-Executive Directors.

The Board acts in the best interests of members by providing independent and constructive advice and challenge to management. The Board includes a mix of skilled and well informed Non-Executive Directors who provide the expertise for an effective annual review of strategy.

At 31 October 2023, the Board was made up of six Non-Executive Directors, including the Chair, Deputy Chair / Senior Independent Director, and four Executive Directors, The Board views all the Non-Executive Directors as being independent in character. 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.

The Senior Independent Director is available to members if they have concerns regarding their membership of the Society where contact, through the normal channels of either Chair or Executive Directors, has failed to resolve or for which it is considered inappropriate. The Society's Senior Independent Director throughout the year was R.W. Barlow.

All Directors are informed of the expected time commitment prior to their appointment. All Directors undertake that they can commit sufficient time to properly carry out their role. This is confirmed in the annual review process.

Directors must seek approval from the Board before accepting any other directorships.

The attendance of Directors at the various Board committees is shown in the table above.

Code section 3 – Composition, succession and evaluation

Principle J – Appointments to the board should be subject to a formal, rigorous and transparent procedure and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

Principle K – The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.

Principle L – Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

Board comment

The Society has a recruitment policy, agreed by the Board, which details the process by which new Directors are appointed. This process is led by the Nominations Committee. Generally, recruitment of Directors is carried out using professional search firms to identify and evaluate suitable candidates who match the forward needs of the Society, tests of probity and meet the requirements of our regulators. All appointments are made on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender.

As part of its responsibility for its customers, the Board enlists the independent judgement of its Non-Executive Directors who have a wealth of relevant skills and experience, the majority within financial services, accounting or housing sectors, to ensure that regulatory and financial compliance is maintained at all times.

All Directors are subject to conduct rules laid down by the Society's regulators, the PRA and FCA, and must satisfy the fit and proper requirements and are also subject to all aspects of the Senior Managers Regime.

Each year all of the Directors are subject to a formal appraisal.

The Chief Executive carries out an appraisal of the other Executive Directors based on a range of business and personal objectives agreed at the beginning of each year. The Chair carries out the Chief Executive's appraisal, with performance also being measured against a range of business and personal objectives. The Remuneration Committee then discuss these appraisals prior to the review of salary and benefits.

The Chair carries out an appraisal of the Non-Executive Directors, basing the assessment on each Director's contribution to the Board's performance, using criteria such as attendance, performance at meetings and additional training and development. The Chair's performance is assessed by the Non-Executive Directors, led by the Senior Independent Director and taking into account the views of Executive Directors. This assessment takes place without the Chair being present. The review pays special attention to the way in which the Chair leads the Board and the effectiveness of the Board in formulating the Society's strategy. 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, the comments of both Internal and External Audit and the results of any reviews or themed visits carried out by the regulators.

The Society's Rules provide that all new Directors are subject to election by the members at the Annual General Meeting held in the next financial year following the Director's appointment. The Rules also provide that all Directors must put themselves forward for re-election at least once every three years.

The Code recommends that independent Directors are subject to annual re-election. The Board has considered this guidance and is of the opinion that the current term of three years is appropriate, subject to continued satisfactory performance, to ensure continuity of experience on the Board. Independent Directors are not normally expected to serve more than three full three year terms. Any total term lasting for more than nine years will be approved only after careful consideration and then only on the basis of annual re-election.

Code section 4 – Audit, risk and internal control

Principle M – The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.

Principle N – The board should present a fair, balanced and understandable assessment of the company's position and prospects.

Principle O – The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long term strategic objectives.

Board comment

The overall risk management of the Society is carried out through the Risk Committee, as described on page 11. The Society's Assets and Liabilities Committee deals specifically with financial and treasury risks.

The Board has delegated the responsibility for managing the systems of internal control to senior management. The internal control systems cannot provide absolute assurance against material misstatement or loss. The Society's Internal Audit function is outsourced to RSM Risk Assurance Services LLP (RSM) who provide independent assurance to the Board regarding the effectiveness of internal controls through the Audit and Compliance Committee. The Board is satisfied that RSM had sufficient and appropriate resources to perform the Internal Audit function. Based upon the performance of Internal Audit procedures during 2022/23, RSM concur with the Board's assessment that the control framework applied within Loughborough Building Society is effective, and consistent with the Society's business model and risk profile.

The Board has ultimate responsibility for the effectiveness of the Society's risk management and internal control. The risk appetite and risk management framework are reviewed at least annually.

The Board considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and contains the information necessary for members to assess the Society's performance, business model and strategy.

The Society has an Audit and Compliance Committee which considers regulatory and compliance matters, the adequacy of internal controls, reviews both internal and external audit reports, assesses the effectiveness of the internal and external auditors and agrees the annual internal audit plan. Details of the Committee and the work it has carried out during the year are given in the Audit and Compliance Committee Report on pages 15 to 16.

Code section 5 – Remuneration

Principal P – Remuneration policies and practices should be designed to support strategy and promote long term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long term strategy.

Principle Q – A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.

Principle R – Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

The Directors' Remuneration Report on pages 17 to 19 explains how the Society complies with the provisions of the Code dealing with remuneration.

Helen Sachdev,
Chair of the Board
11 January 2024

Audit and Compliance Committee Report

The Audit and Compliance Committee acts with authority delegated to it by the Board to have oversight of the Society's regulatory and compliance matters, financial reporting, adequacy of internal controls and the effectiveness of both internal and external audit. This report gives details of the responsibilities of the Audit and Compliance Committee and the work performed over the year.

Committee responsibilities

The primary responsibilities of the Committee are as follows:

- Review the effectiveness of systems of internal control.
- Review of regulatory and compliance matters.
- Review, monitor and assess the integrity of the financial statements, including significant reporting issues and judgements and advise the Board as to whether the Annual Report and Accounts, taken as a whole, gives a fair, balanced and understandable assessment of the Society's position;
- Monitor and review the performance of the internal audit function.
- Oversee the relationship with the external auditor, review the independence of the external auditor and assess the effectiveness of the external audit process;
- Agree and approve the annual internal audit plan and external audit plans and remuneration;
- Monitor the provision of non-audit services by the external auditor; and
- Ensure that the Society has an effective whistle-blowing policy.

Membership and attendance

The Audit and Compliance Committee consists of three Non-Executive Directors. The following Non-Executive Directors served during the year: R.W. Barlow (Chair), R.L. Curtis and C.J. Ashton. In addition, the Executive Directors, the Head of Risk and Compliance and representatives from the external auditor and the outsourced internal auditor attend by invitation.

Both Roger Barlow and Caroline Ashton have recent relevant financial experience and the Audit and Compliance Committee as a whole has competence relevant to the sector.

The Committee meets at least quarterly, and at least once each year with the external auditor and the internal auditor without Executive Directors or senior management being present. Following each Committee meeting, the minutes of the meeting are distributed to the Board.

Estimation uncertainty in relation to the financial statements

The Committee examined and challenged the key assumptions and areas of estimation uncertainty made in the preparation of the financial statements. These were principally as follows:

- Loan loss provisioning: the Society calculates impairment provisions by use of the methodology and estimation uncertainty as noted in the Accounting Policies in Note 1 to the accounts. The Committee has challenged the accounting judgements taken by management and has monitored the quality of the Society's loan book and has reviewed the appropriateness of the overall level of impairment provision. This has taken account of the impact of the changing interest rate environment and its impact on forebearance, HPI, arrears and default as data has emerged. The Committee is satisfied with the provisioning methodology and the amounts provided.

- Effective Interest Rate (EIR) adjustments: interest income is recognised using a constant yield over the expected behavioural life of mortgage loans. The Committee reviewed the assumptions and methodology behind the models used to determine effective lives and EIR adjustments and concluded that these were satisfactory.

- Hedge accounting: the Society applies hedge accounting in accordance with IAS 39. The designated fair value macro hedges require matching, hedge documentation and effectiveness assessment and testing. The hedging instrument and the underlying hedged item are stated at fair value. The Committee has considered the appropriateness of the hedging arrangements in respect of hedging instruments and the underlying hedged items and has agreed that hedge accounting had been applied appropriately in accordance with IAS 39.

Internal Audit

The Committee monitors the activities and effectiveness of internal audit and agrees the annual internal audit plan and fee. At each meeting the internal auditor presents a summary audit status report and a report on the progress of each individual audit performed in the quarter. The Committee has regard to the level of internal audit resources applied, the implications of any internal audit recommendations and the tracking of outstanding actions.

During the year, the internal audit plan covered the following areas:

- Product Pricing
- Financial risk management
- Resilience (third party management including outsourcing)
- Mortgage Underwriting and Processing
- IT governance and risk management
- HR practices including retention
- Regulatory Reporting
- IT project and change management
- Credit risk

The Society has outsourced its internal audit function to RSM Risk Assurance Services LLP.

System of Internal Control

The Society has in place internal controls and a risk management framework to safeguard the Members' and the Society's assets. The Committee is responsible for reviewing the effectiveness and appropriateness of these processes. The following aspects of internal control were reviewed by the Committee during the year:

- Regular compliance monitoring and evaluation of compliance risks
- Whistleblowing policy
- Anti-money laundering policy
- Fraud policy

The work of the Committee gave assurance to the Society's Board that there were no material breaches of control or regulatory standards during the year.

External Audit

During the year Mazars LLP were the Auditors of the Society.

The Committee evaluated and approved the scope and content of the external audit plan, and approved the level of fees. The Committee monitored the effectiveness of the external auditor and the progress of external audit work against plan, with regard to the resources, competency and independence of the audit team. This review concluded that the work performed by Mazars LLP was independent, objective and effective.

Any proposal to employ external auditors to perform non-audit functions is reviewed by the Committee with regard to audit objectivity and independence. The external auditors currently provide three (2022: three) non-audit services, being the provision of an annual client money and custody assets (CASS) opinion, the audit of the Society's summary financial statement and the section 68 opinion.

The Committee meets privately with the external auditor at least once a year without the Executive being present. At this meeting the external auditor can openly discuss the perceived risks to the Society, the transparency, openness and proficiency of management, whether there has been any restriction of scope and confirm audit independence.

Audit Committee Effectiveness

The Committee conducts an annual review of its own effectiveness as noted in the Corporate Governance Report under Code Principal L. The Committee concluded that it operated effectively and in accordance with its terms of reference.

Roger Barlow
Chair of Audit and Compliance Committee
11 January 2024

Directors' Remuneration Report

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

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

Policy

The 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 his own remuneration and benefits are 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. 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 is 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.

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. The Remuneration Committee has reviewed progress against the various financial and non-financial targets and awarded a discretionary payment of 17% (2022: 13%) to the relevant Executives.

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. Contributions for Executive Directors are aligned to the wider workforce.

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 or the role holder following a maximum of 12 months' notice. In the cases of M. Wade, S. Lee and R. Broadbent, service contracts can be terminated by the Society or the role holder following a maximum of 6 months' notice.

Directors' Remuneration

Executive Directors (audited information)

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

2022	Salary	Annual Performance Pay	Pension Contributions	Benefits	TOTAL
	£000	£000	£000	£000	£000
G. Brebner	180	22	22	10	234
C. Joyce[3]	93	7	9	10	119
A. Payton[4]	113	0	14	6	133
M. Wade[5]	72	5	8	5	90
TOTALS	458	34	53	31	576

[1] R. Broadbent appointed 7 November 2022

[2] S. Lee appointed 1 March 2023

[3] C. Joyce retired 30 June 2022

[4] A. Payton retired 31 August 2022

[5] M. Wade appointed 28 March 2022

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 2023	At 31 October 2022	**2023 Fees £000**	2022 Fees £000
H.E. Sachdev	**Chair of the Board**	Chair of the Board	**49**	46
J.E. Pilcher	**Chair of Risk Committee**	Chair of Risk Committee	**37**	34
R.L. Curtis	**Chair of Remuneration Committee**	Chair of Remuneration Committee	**31**	29
R.W. Barlow	**Chair of Audit and Compliance Committee and Senior Independent Director**	Chair of Audit and Compliance Committee and Senior Independent Director	**41**	39
C.J. Ashton	**Chair IT Programme Board**	-	**30**	27
S.M.S. Choudhry	**-**	-	**28**	27
TOTALS			**216**	202

Rachel Curtis
Chair of Remuneration Committee
11 January 2024

Statement of Directors' Responsibilities

Directors' responsibilities in respect of the Annual Report, the Annual Business Statement, the Directors' Report and the annual accounts

The Directors are responsible for preparing the Annual Report, Annual Business Statement, Directors' Report and the annual accounts in accordance with applicable law and regulations.

The Building Societies Act 1986 ("the Act") requires the Directors to prepare annual accounts for each financial year. Under that law they have elected to prepare the annual accounts in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The annual accounts are required by law to give a true and fair view of the state of affairs of the Society at the end of the financial year and of the income and expenditure of the Society for the financial year.

In preparing these annual accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the annual accounts; and
- prepare the annual accounts on the going concern basis unless it is inappropriate to presume that the Society will continue in business.
- Directors to prepare, for each financial year, an Annual Business Statement and a Directors' Report, each containing prescribed information relating to the business of the Society.

Directors' responsibilities for accounting records and internal controls

The Directors are responsible for ensuring that the Society:

- keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society, in accordance with the Act; and
- takes reasonable care to establish, maintain, document and review such systems and controls as are appropriate to its business in accordance with the rules made by the Financial Conduct Authority and Prudential Regulation Authority under the Financial Services and Markets Act 2000.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Society's website. Legislation in the UK governing the preparation and dissemination of annual accounts may differ from legislation in other jurisdictions.

Helen Sachdev,
Chair of the Board
11 January 2024

Independent Auditor's Report to the Members of Loughborough Building Society

Opinion

We have audited the annual accounts of Loughborough Building Society (the 'Society') for the year ended 31 October 2023 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Members' Interests, the Cash Flow Statement and notes to the annual accounts, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the annual accounts:

- give a true and fair view of the state of the Society's affairs as at 31 October 2023 and of the Society's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Building Societies Act 1986.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the annual accounts" section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the annual accounts in the UK, including the Financial Reporting Council's ('FRC') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the annual accounts, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the annual accounts is appropriate.

Our audit procedures to evaluate the directors' assessment of the Society's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Society's ability to continue as a going concern;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Society's future financial performance;
- Challenging the appropriateness of the directors' key assumptions used in the forecasts such as net business growth, net interest margins, profitability, reviewing supporting and contradictory evidence in relation to these key assumptions, and assessing the directors' consideration of severe but plausible scenarios. This included inspecting the Society's most recent Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP') and its reverse stress testing;
- Assessing the historical accuracy and the arithmetical accuracy of the forecasts prepared by the directors;
- Performing sensitivity analysis by incorporating various stress scenarios to assess the impact on the capital and liquidity position of the Society;
- Considering the consistency of the directors' forecasts with other areas of the annual accounts and our audit; and
- Evaluating the appropriateness of the directors' disclosures in the annual accounts on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Society's ability to continue as a going concern for a period of at least twelve months from when the annual accounts are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Credit Risk – Allowance for impairment losses on loans and advances to customers *Refer to Note 1.7 and 1.14 for the accounting policy and note 15 of the annual accounts disclosures.* The Society holds £465.2m (2022: £375.4m) of loans and advances to customers against which a impairment provision of £1.1m (2022: £0.5m) is held at the year end. Credit risk is an inherently judgement area due to the use of subjective assumptions and high degree of estimation in arriving at the year-end provisions. The total impairment provision of the Society consists of an individual provision on loans with default indicators and a collective provision on the performing portfolio, both of which are of loans secured against residential and commercial properties. The Society has limited actual loss experience on which to base its impairment assessment on the loan portfolio, resulting in management judgement being required in deriving assumptions to be applied in the assessment. In calculating the individual provision, management applies judgement in identifying loans that require individual impairment assessments and in estimating the recoverable amount from underlying collateral. The collective impairment is derived from a model that uses the data from an external credit rating agency, applying judgement where data is not available. In particular, the collective impairment assessment is most sensitive to movements in the forced sales discounts ('FSD'), indexation of property valuations, estimated recovery period and the probabilities of default ('PD') assumptions.	Our audit procedures included, but were not limited to: • Evaluating the design and implementation, and testing the operating effectiveness, of the key controls in relation to the credit process (loans origination and approval, loan redemptions, arrears monitoring and approval of key impairment assumptions); • Critically assessing how management has performed the accounting estimate, relating to the individual and collective provisions including the reasonableness of external and internal data used, and consider whether this is consistent with our understanding of the Society's portfolio; • Comparing the Society's key assumptions used in the loan impairment assessment such as PD, FSD and estimated recovery period with external data, and with similar lenders to critically assess the reasonableness and relevance of the assumptions applied; • Independently recalculating the individual provision for all customers that were in default; • Engaging our internal property valuation experts to challenge the reasonableness of valuations for a selection of commercial properties held as collateral against loans; • Developing an auditor's range estimate of the collective provision using reasonable alternative assumptions relevant to the Society's portfolio; • Performing a stand-back assessment of the resulting individual and collective impairment estimates to assess their appropriateness; and • Assessing the adequacy of the disclosures relating to provisions for impairment losses on loans and advances to customers. **Our observations** Based on the procedures performed, we found that the allowance for impairment losses on loans and advances to customers is materially stated as at 31 October 2023 and is materially consistent with the requirements of FRS 102.

Key Audit Matter	How our scope addressed this matter
Revenue Recognition – Effective Interest rate ('EIR') £1.6m (2022: £1m) *Refer to Note 1.3 and 1.14 for the accounting policy and note 14 for the annual accounts disclosures.* Interest income substantially arises from contractual interest. Under the EIR method, interest earned, and fee income and expenses are spread over the expected lives of the loans. EIR is an inherently subjective area due to the level of judgement required in determining which cash flows require spreading and over what time period. The most significant area where we identified greater levels of management judgement is the expected life and redemption profile of the loans. The Society's assessment is informed by historical redemption experience and management's retention strategy. Modelling of reversionary interest income and early redemption charges ('ERC') are complex in nature and require management judgement in arriving at an accounting estimate.	Our audit procedures included, but were not limited to: • Evaluating the design and implementation of the key control in respect of approval of assumptions used in the model; • Challenging the reasonableness of the Society's expected life assumptions against actual customer redemption behaviour; • Challenging the basis of management's judgements in respect of the cash flows included in the model; • Re-performing the EIR calculation and comparing it with management's results; • Assessing the EIR model for sensitivity to changes in the key assumptions by considering alternative expected lives; and • Testing the accuracy and method by which ERC and reversionary interest are modelled in the EIR calculations. **Our observations** Based on the audit procedures performed, we found the EIR adjustment on loans and advances to customers to be materially stated for the year ended 31 October 2023..

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual annual account line items and disclosures and in evaluating the effect of misstatements, both individually and on the annual accounts as a whole. Based on our professional judgement, we determined materiality for the annual accounts as a whole as follows:

Overall materiality	£264,000 (2022: £255,000)
How we determined it	1% of net assets (2022: 1% of net assets)
Rationale for benchmark applied	We consider that net assets is the most appropriate benchmark to use for the Society, whose strategy is to provide mortgages, savings products and other financial services for the mutual benefit of members and customers and not one of profit maximisation. Further, net assets as a benchmark is supported by the fact that regulatory capital is a key benchmark for management and regulators, where net reserves is an approximation of regulatory capital resources.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the annual accounts exceeds materiality for the annual accounts as a whole. Performance materiality of £184,800 (2022: £153,000) was applied in the audit based on 70% (2022: 60%) overall materiality. We considered several factors in determining performance materiality including, the level and nature of uncorrected and corrected misstatements in the prior year and the robustness of the control environment, and concluded that an amount towards the upper end of our normal range was appropriate.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £7,920 (2022: £7,650) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the annual accounts, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the annual accounts as a whole. We used the outputs of a risk assessment, our understanding of the Society, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all annual accounts line items.

Other information

The other information comprises the information included in the annual report and accounts, other than the annual accounts and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the annual accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the annual accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on the Annual Business Statement and the Directors' Report

In our opinion, based on the work undertaken in the course of the audit:

- the Annual Business Statement and the Directors' Report have been prepared in accordance with the Building Societies Act 1986;
- the information in the Directors' Report for the financial year is consistent with the accounting records and the annual accounts; and
- the information given in the Annual Business Statement (other than the information on which we are not required to report) gives a true representation of the matters in respect of which it is given.

In light of the knowledge and understanding of the Society and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Building Societies Act 1986 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Society; or
- the Society's annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations and access to documents we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities set out on page 20, the directors are responsible for the preparation of the annual accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Society and its industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory and supervisory requirements of the Prudential Regulatory Authority ('PRA') and the Financial Conduct Authority ('FCA'), and we considered the extent to which non-compliance with these laws and regulations might have a material effect on the annual accounts.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance with laws and regulations, our procedures included but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Society, the industry in which it operates, and considering the risk of acts by the Society which were contrary to the applicable laws and regulations including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the Society is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities, including the PRA and FCA;
- Attending a bilateral meeting with the PRA;
- Discussing amongst the engagement team the identified laws and regulations, and remaining alert to any indications of non-compliance; and
- Focusing on areas of laws and regulations that could reasonably be expected to have a material effect on the annual accounts from our general commercial and sector experience and through discussions with the directors, from inspection of the Society's regulatory and legal correspondence and review of minutes of the Board of Directors, Risk Committee and Audit Committee during the year and up to the signing date of annual report and accounts.

We also considered those other laws and regulations that have a direct impact on the preparation of annual accounts, such as the Building Societies Act 1986 and UK tax legislation.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the annual accounts, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgments and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing; and
- Being skeptical to the potential of management bias through judgements and assumptions in significant accounting estimates.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

A further description of our responsibilities is available on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the directors on 23 June 2022 to audit the annual accounts for the year ended 31 October 2022 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the years ended 31 October 2022 to 31 October 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Society and we remain independent of the Society in conducting our audit.

Our audit opinion is consistent with our additional report to the Audit Committee.

Use of the audit report

This report is made solely to the Society's members as a body in accordance with section 78 of the Building Societies Act 1986. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body for our audit work, for this report, or for the opinions we have formed.

David Allen (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU
11 January 2024

Income Statement

for the year ended 31 October 2023

	Notes	2023 £000	2022 £000
Interest receivable and similar income	2	**22,622**	11,695
Interest payable and similar charges	3	**(12,664)**	(3,539)
Net interest income		**9,958**	8,156
Fees and commissions receivable		**13**	22
Fees and commissions payable		**(86)**	(75)
Other operating income net of charges		**(13)**	(1)
Net (loss)/gain from derivative financial instruments	4	**(37)**	907
Total net income		**9,835**	9,009
Administrative expenses	5	**(7,876)**	(6,612)
Depreciation and amortisation	16,17	**(232)**	(658)
Operating profit before impairment losses and provisions		**1,727**	1,739
Impairment charge	15	**(628)**	(18)
Profit before tax		**1,099**	1,721
Tax expense	9	**(258)**	(361)
Profit for the financial year		**841**	1,360

Other comprehensive income

for the year ended 31 October 2023

	2023 £000	2022 £000
Profit for the financial year	**841**	1,360
Changes in fair value of debt securities reclassified to income statement	**10**	(11)
Tax credit on other comprehensive income	**-**	-
Total comprehensive income for the year	**851**	1,349

Profit for the financial year arises from continuing operations. Both the profit for the financial year and total comprehensive loss for the year are attributable to the members of the Society.

The notes on pages 32 to 60 form an integral part of these financial statements.

Statement of Financial Position

at 31 October 2023

	Notes	2023 £000	2022 £000
Assets			
Liquid assets			
Cash in hand and balances with the Bank of England	10	**56,465**	61,159
Loans and advances to credit institutions	11	**6,672**	6,278
Debt securities	12	**-**	2,008
Derivative financial instruments	13	**8,394**	11,185
Loans and advances to customers	14	**456,688**	365,003
Tangible fixed assets	16	**3,560**	3,513
Intangible assets	17	**687**	148
Other debtors	18	**324**	267
Total assets		**532,790**	449,561
Liabilities			
Shares	19	**391,904**	349,991
Amounts owed to credit institutions	20	**45,125**	24,714
Amounts owed to other customers	21	**59,220**	36,246
Derivative financial instruments	13	**696**	274
Other liabilities	22	**9,395**	12,700
Deferred tax liability	23	**35**	68
Provisions for liabilities	24	**-**	4
Total liabilities		**506,375**	423,997
Reserves			
General reserve		**26,415**	25,574
Available-for-sale reserve		**-**	(10)
Total reserves attributable to members of the Society		**26,415**	25,564
Total reserves and liabilities		**532,790**	449,561

The notes on pages 32 to 60 form an integral part of these financial statements.

These accounts were approved by the Board of Directors on 11 January 2024 and signed on its behalf:

Helen Sachdev
Chair of the Board

Roger Barlow
Chair of Audit and Compliance Committee

Gary Brebner
Chief Executive

Statement of Changes in Members' Interests

for the year ended 31 October 2023

	General reserve 2023 £000	Available-for-sale reserve 2023 £000	Total 2023 £000	General reserve 2022 £000	Available-for-sale reserve 2022 £000	Total 2022 £000
Balance at 01 November	**25,574**	**(10)**	**25,564**	24,214	1	24,215
Total comprehensive income for the year						
Profit for the financial year	**841**	**-**	**841**	1,360	-	1,360
Other comprehensive income:						
Changes in fair value of debt securities reclassified to income statement	**-**	**10**	**10**	-	(11)	(11)
Total comprehensive income / (expense) for the year	**841**	**10**	**851**	1,360	(11)	1,349
Balance at 31 October	**26,415**	**-**	**26,415**	25,574	(10)	25,564

Movements in the available-for-sale reserve relate to changes in the fair values of debt securities.

Cash Flow Statement

for the year ended 31 October 2023

	Notes	2023 £000	2022* £000
Cash flows from operating activities			
Profit before tax		**1,099**	1,721
Adjustments for			
Depreciation and amortisation		**232**	658
Change in fair value of derrivative financial instruments and hedged items		**225**	(907)
Impairment charge on loans and advances		**628**	18
Operating profit before working capital changes		**2,184**	1,490
Changes in operating assets and liabilities			
Decrease / (Increase) in prepayments, accrued income and other assets		**(198)**	(213)
Increase in accruals, deferred income and other liabilities		**1,897**	12,412
(Increase) in loans and advances to customers		**(89,799)**	(40,411)
Increase in shares		**38,389**	22,351
Increase in amounts owed to other credit institutions and other customers		**42,249**	11,085
Decrease in loans and advances to credit institutions		**1,500**	2,635
Change in debt securities		**1**	(4)
Taxation paid		**(362)**	(252)
Net cash (used in)/generated from operating activities		**(4,139)**	9,093
Cash flows from investing activities			
Purchase of debt securities	12	**-**	(2,000)
Disposal of debt securities	12	**2,000**	4,000
Purchase of tangible fixed assets	16	**(210)**	(2,184)
Purchase of intangible assets	17	**(608)**	(175)
Net cash generated by/(used in) investing activities		**1,182**	(359)
Net (decrease)/increase in cash and cash equivalents		**(2,957)**	8,734
Cash and cash equivalents at 01 November		**65,786**	57,052
Cash and cash equivalents at 31 October		**62,829**	65,786
Cash and cash equivalents comprise:			
Cash in hand and balances at the Bank of England	10	**56,157**	61,014
Loans and advances to credit institutions repayable on demand	11	**6,672**	4,772
		62,829	65,786

*The 2022 figures have been represented to include the impact of the fair value movement on hedged items as non cash movements.

1 Accounting policies

1.1 General information and basis of preparation

Loughborough Building Society (the "Society") is a building society incorporated in the United Kingdom. The address of the registered office is given on the back cover of this report. The Society has no ultimate controlling party or parent.

Loughborough Building Society has prepared these annual accounts in accordance with the Building Societies Act 1986, the Building Societies (Accounts and Related Provisions) Regulations 1998 and Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The Society has also chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the UK). In December 2019, the FRC issued Amendments to FRS 102 – Interest Rate Benchmark.

The presentation currency of these annual accounts is sterling. All amounts in the annual accounts have been rounded to the nearest £1,000.

The accounts have been prepared on a going concern basis as outlined in the Directors' report on page 8.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these annual accounts.

Judgements made by the Directors, in the application of these accounting policies that have a significant effect on the annual accounts and estimates with a significant risk of material adjustment in the next year are discussed in section 1.14 below.

1.2 Measurement convention

The annual accounts are prepared on the historical cost basis except for the following: derivative financial instruments and financial instruments classified as available-for-sale are stated at fair value; land and buildings are stated at deemed cost.

1.3 Interest receivable and similar income and interest payable and similar charges

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Society estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the income statement and other comprehensive income include:

- Interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis; and
- Interest on available-for-sale investment securities calculated on an effective interest basis.

Fair value changes on derivatives held for risk management purposes are presented in net gains or losses from derivative financial instruments in the income statement.

1.4 Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate (see 1.3).

Other fees and commissions are recognised as the related services are performed.

1.5 Expenses

Operating leases

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

1.6 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the annual accounts. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense. Deferred tax assets are recognised where it is probable that future taxable profits will be available against which the timing differences can be utilised.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the reporting date. Deferred tax balances are not discounted.

1.7 Financial instruments

Recognition

The Society initially recognises loans and advances, deposits and debt securities issued on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Society becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification

Financial assets

The Society classifies its financial assets into one of the following categories:

- *Loans and receivables*

  'Loans and advances' are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Society does not intend to sell immediately or in the near term.

  Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

- *Available-for-sale*

  Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial assets. Available-for-sale investments comprise debt securities.

  Interest income is recognised in profit or loss using the effective interest method (see 1.3). Impairment losses are recognised in profit or loss.

  Fair value changes, other than impairment losses, are recognised in other comprehensive income and presented in the available-for-sale reserve within capital reserves. When the investment is sold, the gain or loss accumulated in the available-for-sale reserve is reclassified to profit or loss.

- *At fair value through profit and loss*

  Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

  On initial designation of the hedge, the Society formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Society makes an assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value of the respective hedged items during the period for which the hedge is designated.

These hedging relationships are discussed below.

Fair value hedges
Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in profit or loss. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement. If hedge accounting is discontinued and the hedged financial asset or liability has not been derecognised, any adjustments to the carrying amount of the hedged item are amortised into profit or loss on a straight line over the remaining life of the hedged item.

On initial designation of the hedge, the Society formally documents the relationship between the hedging instrument(s) and the hedged item(s). The Society makes an assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the hedging instrument(s) is/are expected to be highly effective in offsetting the changes in the fair value of the respective hedged item(s) during the period for which the hedge is designated, and whether the actual effectiveness results of each hedge are within a range of 80%–125%.

Financial liabilities
The Society classifies its financial liabilities, other than derivatives, as measured at amortised cost. Derivatives are measured at fair value through profit or loss.

Derecognition
The Society derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Society neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Society derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Measurement
Amortised cost measurement
The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Fair value measurement
'Fair value' is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

When available, the Society measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Society uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Society determines that the fair value at initial recognition differs from the transaction price, then the financial instrument is initially measured at fair value. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Identification and measurement of impairment
At each reporting date, the Society assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is 'impaired' when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Society on terms that the Society would not consider otherwise;
- indications that a borrower or issuer will enter bankruptcy; and
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Society considers evidence of impairment for loans and advances at both an individual asset and a collective level. All loans and advances are assessed for individual impairment based on their arrears position. Those found not to be individually impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

In assessing collective impairment, the Society uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or less than is suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised.

A range of forbearance options is available to support customers who are in financial difficulty and are in arrears or who are pre-delinquency or anticipate that they may enter into arrears. The purpose of forbearance is to support customers who have temporary financial difficulties and help them get back on track. The main options offered by the Society include:

- Change to payment date and / or frequency;
- Reduced monthly repayment;
- An arrangement to clear outstanding arrears;
- Capitalisation of arrears;
- Change of repayment type; and
- Extension of mortgage term.

Customers requesting a forbearance option will need to provide information to support the request which will include an affordability assessment, bank statements, proof of income, e.g. payslips, accounts, benefit statements etc. in order that the request can be properly assessed. Where consent is obtained, a credit search will also be carried out. If the forbearance request is granted the account is monitored in accordance with the Society's Forbearance and Impairment Policy. At the appropriate time the forbearance option that has been implemented is cancelled, with the exception of capitalisation of arrears, and the customer's normal contractual payment is restored.

The Society is a signatory to the Mortgage Charter. Borrowers contacting the Society under the scope of the Mortgage Charter are not treated as having received forbearance.

Impairment losses are recognised in the income statement and reflected in an allowance account against loans and receivables. Interest on the impaired assets continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through the income statement.

Impairment losses on available-for-sale investment securities are recognised by reclassifying the losses accumulated in the available-for-sale reserve. The cumulative loss that is reclassified from the reserve to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.

Changes in impairment attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, any increase in fair value is recognised through other comprehensive income.

1.8 Cash and cash equivalents

For the purposes of the Cash Flow Statement, cash comprises cash in hand and unrestricted loans and advances to credit institutions repayable on demand. Cash equivalents comprise highly liquid unrestricted investments that are readily convertible into cash with an insignificant risk of changes in value with original maturities of less than three months.

1.9 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation with the exception of freehold buildings which are stated at deemed cost.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings and is not depreciated.

The Society assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives as follows:

Freehold Land and Buildings:

- Freehold buildings 50 years

Equipment, Fixtures, Fittings and Vehicles:

- Freehold refurbishment 8 years
- Computer hardware 3 to 7 years
- Motor vehicles 4 years
- Office equipment, fixtures and fittings 3 to 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Society expects to consume an asset's future economic benefits.

1.10 Intangible assets

Purchased software and costs directly associated with the development of computer software are capitalised as intangible assets which will generate future economic benefits and where costs can reliably be measured. Intangible assets that are acquired by the Society are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software 7 to 10 years

The Society reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

1.11 Impairment excluding financial assets and deferred tax assets

The carrying amounts of the Society's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.12 Employee benefits

The Society operates a defined contribution pension scheme. The Society makes a contribution of between 7.0% and 12.0% (2022: 7.0% and 12.0%) of individuals' basic gross pay into employees' Personal Pension schemes. Contributions to the scheme are charged to the income statement in the year in which they are payable. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

1.13 Provisions for liabilities and charges

A provision is recognised in the statement of financial position when the Society has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.14 Accounting estimates and judgements

The preparation of the financial statements requires certain judgements, assumptions and estimates that affect the reported amounts of assets and liabilities. These are regularly evaluated and are based on historical experience, expectations of future events and other factors. The following accounting estimates have a higher level of estimation uncertainty.

- Effective interest rate

The effective interest rate applied to the mortgage book affects the carrying value of those assets. One of the key components of the Effective Interest Rate is the expected mortgage life and in particular, the expected life relative to the term of the initial scheme the customer takes on inception of the mortgage, as this determines how long the customer is likely to spend paying standard variable rate. Expected lives relative to initial scheme life have been assessed as being between -9 and +12 months. In determining the expected life of mortgage assets, the Society uses historical redemption data as well as management judgement. The expected life of mortgage assets is reassessed annually. A one month increase in the life profile of mortgage assets would result in an increase in the value of loans on the Statement of Financial Position of approximately £145,000 (2022: £133,000).

- Impairment losses on loans and advances to customers

The Society reviews the mortgage book quarterly to assess impairment. In determining whether an impairment loss should be recorded, the Society has to use its judgement. Impairment provisions are calculated using historical arrears experience, modelled credit risk characteristics and expected cash flows. Estimates are applied to determine prevailing market conditions (e.g. interest rates and house prices), customer behaviour (e.g. default rates) and the length of time to complete the sale of properties in possession and the expected sale proceeds. The accuracy of the impairment provision would therefore be affected by unexpected changes to these assumptions, as follows:

- The propensity to default used in the assessment for impairment is between 2.0% and 20.0%, depending on the nature of the loan. If the propensity to default increased by 25% (i.e. to between 2.5% and 25%), the collective provision would increase by £179,000 (2022: £26,000).

- If the forced sale discount applied in our provisioning model increased by 5% the overall provision level would increase by £515,000 (2022: £219,000).

During the year the Society increased its time to sell assumption in its collective impairment assessment from 12 to 24 months for residential properties. This resulted in an increase in the collective impairment assessment of £179,000.

2 Interest receivable and similar income

	2023 £000	2022 £000
On loans fully secured on residential property	**15,753**	10,776
On other loans	**204**	236
On debt securities	**2**	20
On liquid assets*	**2,078**	453
Interest income on derivatives	**4,585**	210
	22,622	11,695

*Interest on liquid assets is presented net of £313,000 of interest expense.

Included within interest receivable and similar income on debt securities is income from fixed income securities of £2,000 (2022: £21,000).

3 Interest payable and similar charges

	2023 £000	2022 £000
On shares held by individuals	**9,839**	3,007
On amounts owed to credit institutions, other customers and derivatives	**2,825**	532
	12,664	3,539

4 Net (losses)/gains from derivative financial instruments

	2023 £000	2022 £000
Derivatives in designated fair value hedge relationships	**(37)**	907

The net fair value loss includes a gain of £188,000 which was recognised on the cancellation of certain interest rate swap contracts.

5 Administrative expenses

	2023 £000	2022 £000
Wages and salaries	**3,438**	2,932
Social security costs	**365**	323
Contributions to defined contribution plans	**321**	279
	4,124	3,534
Other administrative expenses	**3,752**	3,078
	7,876	6,612

Fees payable to the Society's auditors and its associates for the audit of the Society's annual accounts (excluding VAT):

	2023 £000	2022 £000
Total audit fees	**183**	113
Total non-audit fees	**10**	10
	193	123

The audit fees for 2023 include £25,000 of fees in respect of overruns for the 2022 audit.
The non-audit fees for both years are in respect of other assurance services.

6 Employee numbers

The average number of persons employed by the Society (including Executive Directors) during the year, analysed by category, was as follows:

	2023	2022
Head Office		
Full time	**49**	47
Part time	**9**	17
	58	64
Branch Offices		
Full time	**18**	9
Part time	**9**	9
	27	18

7 Directors' remuneration

Directors' emoluments are set out within the Directors' Remuneration Report. The Board has identified that those staff whose professional activities have a material impact on the Society's risk profile are three Executive Directors: the Chief Executive Officer, Customer Service Director and Finance Director.

Total Directors' emoluments for the year amounted to £961,000 (2022: £778,000).

8 Directors' loans and transactions

i) Loans to Directors

At 31 October 2023 there was nil (2022: one) outstanding mortgage loan granted in the ordinary course of business. The balance outstanding on the outstanding mortgage loan in 2022 was £83,000. At 31 October 2023 there was nil (2022: one) outstanding mortgage loan to former Director and connected persons outstanding, amounting in aggregate to nil (2022: £83,000). This mortgage loan was redeemed in January 2023.

A register is maintained at the Head Office of the Society, in accordance with the requirements of Section 68 of the Building Societies Act 1986, which shows details of all loans, transactions and arrangements with Directors and their connected persons. A statement of the appropriate details contained in the register, for the financial year ended 31 October 2023, will be available for inspection at the Society's Head Office for a period of 15 days up to and including the Annual General Meeting.

ii) Other Directors' transactions

Directors are required to hold share accounts with the Society. All accounts have the same terms and conditions as available to customers of the Society. The aggregate amount of all savings balances at 31 October 2023 was £25,370 (2022: £20,000).

iii) Related party transactions

There were no related party transactions during the year.

9 Tax expense

	2023 £000	2022 £000
Current tax		
Current tax on income for the period	**225**	361
Total current tax	**225**	361
Origination and reversal of timing differences	**33**	-
Total tax	**258**	361

	2023 Current tax £000	**2023 Deferred tax £000**	**2023 Total tax £000**	2022 Current tax £000	2022 Deferred tax £000	2022 Total tax £000
Recognised in the income statement	**225**	**33**	**258**	361	-	361
Recognised in other comprehensive income	**-**	**-**	**-**	-	-	-
Total tax	**225**	**33**	**258**	361	-	361

The standard rate of corporation tax in the UK changed on 1st April 2023 to 25%.There are two effective tax rates in operation for the period of these accounts, 1st November 2022 to 31 March 2023 19% , 25% 1st April to 31 October (2022: 19%).

Reconciliation of effective tax rate

	2023 £000	2022 £000
Profit for the year	**1,099**	1,721
Tax using the UK corporation tax (CT) rate, The CT rate change 1 April 2023 to 25%. Therefore 2 CT rates were in operation during 2023 (2022: 19%)	**247**	327
Expenses not deductible	**11**	34
Total tax expense in income statement	**258**	361

The standard rate of tax applied to reported profit changed on 1 April 2023 to 25% (2022: 19% per cent). The applicable tax rate has changed following the substantive enactment of the Finance Act 2021. The deferred tax liability is calculated using the tax rate enacted from 1 April 2023 at 25%. During the year beginning 1 November 2023, the net reversal of deferred tax assets and liabilities is expected to increase/(decrease) the corporation tax charge for the year by £ (8,300). This is due to the depreciation charge for the year being greater than the Capital allowances claimed.

10 Cash in hand and balances with the Bank of England

	2023 £000	2022 £000
Cash in hand	**99**	96
Balances with the Bank of England	**56,058**	60,918
Total included in "Cash and cash equivalents" per cash flow statement	**56,157**	61,014
Accrued interest	**308**	145
	56,465	61,159

11 Loans and advances to credit institutions

	2023 £000	2022 £000
Repayable on demand	**6,672**	4,772
In not more than three months	**-**	1,506
Total loans and advances to credit institutions	**6,672**	6,278
Total included within cash and cash equivalents	**6,672**	4,772

The above figures include accrued interest of £nil (2022: £6,000).

12 Debt securities

	2023 £000	2022 £000
Certificates of deposit (fixed income debt securities)	**-**	1,990
Accrued interest	**-**	18
	-	2,008
Debt securities have remaining maturities as follows:		
In no more than one year	**-**	2,008
Transferable debt securities comprise:		
Unlisted	**-**	2,008
	-	2,008

Movements in debt securities during the year are summarised as follows:

	2023 £000	2022 £000
At 01 November	**2,008**	4,004
Additions	**-**	2,000
Disposal and maturities	**(2,000)**	(4,000)
Interest income received	**(18)**	15
Net losses from changes in fair value reclassified to income statement	**10**	(11)
At 31 October	**-**	2,008

13 Derivative financial instruments

	2023 Notional principal amount £000	2023 Positive market value £000	2023 Negative market value £000	2022 Notional principal amount £000	2022 Positive market value £000	2022 Negative market value £000
Derivatives designated as fair value hedges:						
Interest rate swaps	**236,950**	**8,394**	**696**	188,500	11,185	274
	236,950	**8,394**	**696**	188,500	11,185	274

The replacement cost for derivative financial instruments is the same as the positive market value.

14 Loans and advances to customers

	2023 £000	2022 £000
Loans fully secured on residential property	**462,366**	371,307
Loans fully secured on land	**2,799**	4,058
Provision for impairment losses	**(1,120)**	(492)
Fair value adjustment for hedged risk	**(7,357)**	(9,870)
	456,688	365,003
The remaining maturity of loans and advances to customers from the reporting date is as follows:		
On call and at short notice	**1,102**	117
In not more than three months	**949**	609
In more than three months but not more than one year	**2,041**	3,773
In more than one year but not more than five years	**18,392**	19,058
in more than five years	**435,324**	341,938
	457,808	365,495
Less: allowance for impairment (note 15)	**(1,120)**	(492)
	456,688	365,003

The maturity analysis above is based on contractual maturity not expected redemption levels.

At 31 October 2023, the Society had pledged £63,584,000 (2022: £45,354,000) of mortgage assets to the Bank of England as collateral under the Index Long Term Repo (ILTR) Scheme.

15 Allowance for impairment

	Loans fully secured on residential property £000	Loans fully secured on land £000	Total £000
At 01 November 2022			
Individual impairment	42	-	42
Collective impairment	220	230	450
	262	230	492
Income statement			
Impairment loss / (credit) on loans and advances			
Individual impairment	12	-	12
Collective impairment	696	(80)	616
	708	(80)	628
At 31 October 2023			
Individual impairment	54	-	54
Collective impairment	916	150	1,066
	970	150	1,120

	Loans fully secured on residential property £000	Loans fully secured on land £000	Total £000
At 01 November 2021			
Individual impairment	31	6	37
Collective impairment	266	171	437
	297	177	474
Income statement			
Impairment loss on loans and advances			
Individual impairment	11	(6)	5
Collective impairment	(46)	59	13
Amounts utilised during the year	(35)	53	18
At 31 October 2022			
Individual impairment	42	-	42
Collective impairment	220	230	450
	262	230	492

16 Tangible fixed assets

	Freehold Land and Buildings £000	Equipment, Fixtures Fittings and Vehicles £000	Total £000
Cost			
Balance at 01 November 2022	3,297	990	4,287
Additions	210	-	210
Disposals	-	-	-
Balance at 31 October 2023	3,507	990	4,497
Depreciation and impairment			
Balance at 01 November 2022	221	553	774
Depreciation charge for the year	27	136	163
Disposals	-	-	-
Balance at 31 October 2023	248	689	937
Net book value			
At 01 November 2022	3,076	437	3,513
At 31 October 2023	3,259	301	3,560

The net book value of land and buildings occupied by the Society for its own activities is £1,327,047 (2022: £1,226,000). The Society is in the process of renovating the new head office building purchased during 2022. It is planned that the head office of the Society will move to the new building in early 2024. In prior year a reduction in Net Book Value (NBV) of land and buildings occupied by the Society had been made for the Derby Branch office. For proportion of the building not occupied by the Society, this adjustment is no longer required.

Management have performed an impairment assessement on the carrying value of its new head offce premises. This concluded that the recoverable amount is greater than the carrying value, therefore no impairment is deemed necessary.

17 Intangible fixed assets

	Software £000
Cost	
Balance at 01 November 2022	2,438
Additions	608
Disposals	-
Balance at 31 October 2023	3,046
Amortisation and impairment	
Balance at 01 November 2022	2,290
Amortisation for the year	69
Disposals	-
Balance at 31 October 2023	2,359
Net book value	
At 01 November 2022	148
At 31 October 2023	687

Intangible fixed assets represent software costs incurred in developing the Society's core operating system. The Society's policy is that these costs are amortised over a seven to ten year period.

18 Other Debtors

	2023 £000	2022 £000
Prepayments and accrued income	**324**	267

19 Shares

	2023 £000	2022 £000
Held by individuals	**392,379**	349,991
Fair value adjustments for hedged risk	**(475)**	-
	391,904	**349,911**

Shares are repayable with remaining maturities from the balance sheet date as follows:		
Accrued interest	**5,610**	1,611
On demand	**176,640**	246,432
In not more than three months	**75,606**	35,679
In more than three months but not more than six months	**28,570**	26,166
In more than six months but not more than one year	**27,002**	4,122
In more than one year but not more than five years	**78,476**	35,981
	391,904	349,991

20 Amounts owed to credit institutions

	2023 £000	2022 £000
Accrued interest	**625**	214
With agreed maturity dates or periods of notice		
In not more than three months	**27,500**	1,500
In more than three months but not more than one year	**17,000**	23,000
	45,125	24,714

21 Amounts owed to other customers

	2023 £000	2022 £000
Accrued interest	**873**	147
Repayable on demand	**12,656**	18,515
With agreed maturity dates or periods of notice		
In not more than three months	**25,443**	2,500
In more than three months but not more than one year	**20,248**	15,084
	59,220	36,246

22 Other liabilities

	2023 £000	2022 £000
Corporation tax	**309**	380
Other creditors	**9,086**	12,320
	9,395	12,700

Within Other creditors, the Society held cash collateral against its hedging contracts of £8,546,000 (2022:£11,557,000).

23 Deferred tax and liabilities

The elements of deferred taxation are as follows:

	2023 £000	2022 £000
Difference between accumulated depreciation and capital allowances	**4**	44
Short term timing differences	**15**	8
Capital gains	**16**	16
Net deferred tax liability	**35**	68

The deferred tax liability has been provided at a rate of 25% (2022: 25%) which is the rate applicable when the deferred tax liability is expected to crystallise.

24 Provisions for liabilities

	FSCS levy £000
Balance at 01 November 2022	**4**
Amount released during the year	**(4)**
Balance at 31 October 2023	**-**

25 Financial instruments

A financial instrument is a contract which gives rise to a financial asset of one entity and a financial liability of another entity. The Society is a retailer of financial instruments in the form of mortgage and savings products. The Society also uses wholesale financial instruments to invest liquid asset balances, raise wholesale funding and to manage the risks arising from its operations.

The Society uses derivatives in the form of interest rate swaps to hedge balance sheet exposures arising from fixed rate mortgage lending and savings products. The Society does not run a trading book.

Categories of financial assets and liabilities

Financial assets and liabilities are measured on an on-going basis either at fair value or at amortised cost. Note 1.7 'Financial instruments' describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The tables below analyse the Society's assets and liabilities by financial classification:

Carrying values by category

31 October 2023	Held at amortised cost			Held at fair value		Total
	Loans and receivables £000	Financial assets and liabilities at amortised cost £000	Available-for-sale £000	Derivatives designated as fair value hedges £000	Unmatched derivatives £000	£000
Financial assets						
Cash in hand and balances with Bank of England	-	56,465	-	-	-	56,465
Loans and advances to credit institutions	6,672	-	-	-	-	6,672
Derivative financial instruments	-	-	-	8,394	-	8,394
Loans and advances to customers	456,688	-	-	-	-	456,688
Total financial assets	463,360	56,465	-	8,394	-	528,219
Non-financial assets						4,571
Total assets	463,360	56,465	-	8,394	-	532,790
Financial liabilities						
Shares	-	391,904	-	-	-	391,904
Amounts owed to credit institutions	-	45,125	-	-	-	45,125
Amounts owed to other customers	-	59,220	-	-	-	59,220
Derivative financial instruments	-	-	-	696	-	696
Total financial liabilities	-	496,249	-	696	-	496,945
Non-financial liabilities	-	9,430	-	-	-	9,430
Total liabilities	-	505,679	-	696	-	506,375

Carrying values by category

31 October 2022	Held at amortised cost			Held at fair value		Total
	Loans and receivables £000	Financial assets and liabilities at amortised cost £000	Available-for-sale £000	Derivatives designated as fair value hedges £000	Unmatched derivatives £000	£000
Financial assets						
Cash in hand and balances with Bank of England	-	61,159	-	-	-	61,159
Loans and advances to credit institutions	6,278	-	-	-	-	6,278
Debt securities	-	-	2,008	-	-	2,008
Derivative financial instruments	-	-	-	11,185	-	11,185
Loans and advances to customers	365,003	-	-	-	-	365,003
Total financial assets	371,281	61,159	2,008	11,185	-	445,633
Non-financial assets	-	3,928	-	-	-	3,928
Total assets	371,281	65,087	2,008	11,185	-	449,561
Financial liabilities						
Shares	-	349,991	-	-	-	349,991
Amounts owed to credit institutions	-	24,714	-	-	-	24,714
Amounts owed to other customers	-	36,246	-	-	-	36,246
Derivative financial instruments	-	-	-	274	-	274
Total financial liabilities	-	410,951	-	274	-	411,225
Non-financial liabilities	-	12,772	-	-	-	12,772
Total liabilities	-	423,723	-	274	-	423,997

Valuation of financial instruments carried at fair value

The Society holds certain financial assets and liabilities at fair value, grouped into Levels 1 to 3 of the fair value hierarchy (see below). Fair values are determined using the following fair value hierarchy that reflects the significance of the inputs in measuring fair value:

Level 1

The most reliable fair values of financial instruments are quoted market prices in an actively traded market. The Society's Level 1 portfolio mainly comprises debt securities for which traded prices are readily available.

Level 2

These are valuation techniques for which all significant inputs are taken from observable market data. These include valuation models used to calculate the present value of expected future cash flows and may be employed when no active market exists and quoted prices are available for similar instruments in active markets. The Society's Level 2 portfolio comprises interest rate swaps. The valuation of interest rate swaps is based on the net present value method. The expected interest cash flows are discounted using prevailing interst rate yield curves. The yield curves are based on generally observable market data derrived from quoted interest rates in similar time bandings which match the timings of the interest cashflows and maturities of the instruments.

Level 3

These are valuation techniques for which one or more significant inputs are not based on observable market data. Valuation techniques include net present value by way of discounted cash flow models. The Society does not have any Level 3 type assets or liabilities.

The table below summarises the fair values of the Society's financial assets and liabilities that are accounted for at fair value, analysed by the valuation methodology used by the Society to derive the financial instruments fair value:

31 October 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Available-for-sale				
Debt securities	-	-	-	-
Fair value through profit and loss				
Interest rate swaps	-	**8,394**	-	**8,394**
	-	**8,394**	-	**8,394**
Financial liabilities				
Fair value through profit and loss				
Interest rate swaps	-	**696**	-	**696**
	-	**696**	-	**696**
31 October 2022				
Financial assets				
Available-for-sale				
Debt securities	2,008	-	-	2,008
Fair value through profit and loss				
Interest rate swaps	-	11,185	-	11,185
	2,008	11,185	-	13,193
Financial liabilities				
Fair value through profit and loss				
Interest rate swaps	-	274	-	274
	-	274	-	274

Financial assets pledged as collateral

The Society's financial assets pledged as collateral for liabilities are detailed in the table below:

	2023 £000	2022 £000
Loans and advances to customers	**63,584**	45,354

The mortgage loans are pledged as collateral against the loans received from the Bank of England under the Index Long Term Repo Scheme. The mortgage loans will remain encumbered until the loans are repaid.

25 Financial instruments (continued)

Credit risk

Credit risk is the risk that a borrower or counterparty of the Society will cause a financial loss for the Society by failing to discharge an obligation.

The Society observes a Credit Policy in respect of all mortgage loan applications. Liquid asset exposures are managed according to the counterparty limits in the Society's Liquidity Policy. The policies are reviewed regularly and are approved by the Board.

The Society's maximum credit risk exposure is detailed in the table below:

	2023 £000	2022 £000
Cash in hand and balances at the Bank of England	**56,465**	61,159
Loans and advances to credit institutions	**6,672**	6,278
Debt securities	**-**	2,008
Derivative financial instruments	**8,394**	11,185
Loans and advances to customers	**456,688**	365,003
Total statement of financial position exposure	**528,219**	445,633
Off balance sheet exposure – mortgage commitments	**25,785**	53,008
	554,004	498,641

Concentration risk

The tables below give an analysis of the Society's treasury asset concentration:

Concentration by Fitch credit rating	2023 £000	2022 £000
AA+ to AA-	**56,367**	61,064
A+ to A-	**6,670**	6,779
Below A- and unrated Building Societies	**100**	1,602
	63,137	69,445

Concentration by Industry sector	2023 £000	2022 £000
Banks	**6,770**	6,876
Building Societies	**-**	1,506
Central Bank	**56,367**	61,063
	63,137	69,445

The above treasury assets equal the total of liquid assets shown within the Statement of Financial Position.

Credit quality analysis of loans and advances to customers

The tables below set out information about the credit quality of financial assets and the allowance for impairment / loss held by the Society against those assets.

	2023		2022	
	Loans fully secured on residential property £000	**Loans fully secured on land £000**	Loans fully secured on residential property £000	Loans fully secured on land £000
Neither past due nor impaired	**446,495**	**2,799**	357,583	4,058
Past due but not impaired				
Up to 3 months	**4,391**	**-**	3,031	-
Over 3 months	**1,590**	**-**	708	-
	452,476	**2,799**	361,322	4,058
Individually impaired				
Not past due	**-**	**-**	91	-
Up to 3 months	**2,533**	**-**	24	-
Over 3 months	**-**	**-**	-	-
Total balances gross of provisions	**455,009**	**2,799**	361,437	4,058
Allowance for impairment				
Individual	**54**	**-**	42	-
Collective	**916**	**150**	220	230
Total allowance for impairment	**970**	**150**	262	230
Total balances net of provisions	**454,039**	**2,649**	361,175	3,828

Individual assessments are made of all mortgage loans where objective evidence indicates that losses are likely (for example when loans are past due) or the property is in possession, or where fraud or negligence has been identified. The status "past due but not impaired" includes any asset where a payment due is received late or missed but no individual provision has been made against that asset because of no calculated loss in the event of default. Further information is given in accounting policy note 1.7 to the accounts.

Assets obtained by taking possession of collateral

There was one (2022: one) case of a financial asset being obtained during the year by taking possession of collateral held as security against loans and advances.

Collateral held and other credit enhancements

The Society holds collateral and other credit enhancements against certain of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

	Percentage of exposure that is subject to collateral requirements		
	2023 %	**2022 %**	Principal type of collateral held
Loans and advances to customers	**100**	**100**	Property

The table below shows the gross loans and advances to customers by geographical concentration.

	2023 £000	%	2022 £000	%
East Anglia	**42,292**	**9**	31,676	9
East Midlands	**132,034**	**29**	123,988	34
Greater London	**18,544**	**4**	12,350	3
North	**12,629**	**3**	9,340	3
North West	**58,537**	**13**	43,758	12
Outer South East	**53,743**	**12**	39,932	11
South West	**33,783**	**7**	24,327	7
Wales	**17,678**	**4**	12,847	3
West Midlands	**46,379**	**10**	35,915	10
Yorkshire and Humberside	**42,189**	**9**	31,361	8
	457,808	**100**	365,495	100

The tables below stratify credit exposures from gross residential mortgage loans and advances to retail customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the loan balance to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is based on the collateral value at origination updated based on changes in house price indices by reference to the Lloyds / Halifax Regional House Price Index.

	2023 £000	2022 £000
Loans fully secured on residential property – LTV ratio		
Up to 50%	**171,604**	156,917
>50 – 70%	**131,043**	120,770
>70 – 90%	**124,411**	76,336
>90 – 100%	**27,951**	7,414
	455,009	361,437
Loans fully secured on land	**2,799**	4,058
	457,808	365,495

Forbearance

Borrowers who experience payment difficulties are offered a forbearance strategy dependent on their particular circumstances. Discussions take place with the customer as to forbearance strategies as appropriate. The options available are: temporary concession – a temporary reduction in payment or a temporary transfer to interest-only; arrangements – an agreed formal repayment plan to clear arrears; and re-structuring of the loan – including extending the term of the loan and capitalisation of arrears.

The table below analyses residential mortgage borrowers with renegotiated terms at the year end date:

	2023 Number	2022 Number
Temporary concession	**-**	2
Loan re-structuring	**3**	2
	3	4

In total £459,000 (2022: £224,000) of mortgage loans are subject to forbearance. Individual impairment provisions of £nil (2022: £nil) are held in respect of these mortgages.

Liquidity risk

'Liquidity risk' is the risk of failing to meet demands and commitments to provide funds to customers and other third parties. The objective of liquidity is to help smooth mismatches between maturing assets and liabilities thereby maintaining public confidence in the solvency of the Society. The Society's policy is to maintain sufficient liquid funds at all times to ensure that liabilities can be met as they fall due.

Monitoring of liquidity is performed daily. Compliance with Liquidity Policy is reported to ALCO and to the Board. A series of stress tests is conducted on a monthly basis and reported quarterly to ALCO. These include a firm-specific, market-wide and combined stress in accordance with the PRA's requirements. The approach to liquidity is set out in the Society's Individual Liquidity Adequacy Assessment Process (ILAAP) as approved by the Board.

The Society's liquid resources comprise call accounts, high quality liquid asset balances at the Bank of England, certificates of deposit and time deposits. At the end of the year the ratio of liquid assets to shares and deposits was 12.7% (2022: 16.9%).

Maturity analysis for financial assets and financial liabilities

The tables below set out the remaining contractual maturities of the Society's financial liabilities and financial assets. In practice, contractual maturities are not always reflected in actual experience. For example loans and advances to customers tend to repay ahead of contractual maturity and customer deposits (for example shares) are likely to be repaid later than on the earliest date on which repayment can be required.

31 October 2023	On demand £000	Not more than three months £000	More than three months but not more than one year £000	More than one year but not more than five years £000	More than five years £000	No specific maturity and loss provision £000	Total £000
Cash in hand and balances with the Bank of England	56,465	-	-	-	-	-	56,465
Loans and advances to credit institutions	6,672	-	-	-	-	-	6,672
Derivative financial instruments	-	44	316	8,034	-	-	8,394
Loans and advances to customers	1,102	949	2,041	18,392	435,324	(1,120)	456,688
Tangible and intangible assets and other assets	-	-	-	-	-	4,571	4,571
Total assets	64,239	993	2,357	26,426	435,324	3,451	532,790
Shares	179,701	75,996	55,906	80,302	-	-	391,904
Amounts owed to credit institutions	-	28,046	17,079	-	-	-	45,125
Amounts owed to other customers	12,825	25,778	20,617	-	-	-	59,220
Derivative financial instruments	-	-	40	656	-	-	696
	192,526	129,820	93,642	80,958	-	-	496,945
Other liabilities	-	-	-	-	-	9,430	9,430
Reserves	-	-	-	-	-	26,415	26,415
Total liabilities	192,526	129,820	93,642	80,958	-	35,845	532,790
Net liquidity gap	(128,287)	(128,827)	(91,285)	(54,532)	435,324	(32,394)	-

31 October 2022	On demand £000	Not more than three months £000	More than three months but not more than one year £000	More than one year but not more than five years £000	More than five years £000	No specific maturity and loss provision £000	Total £000
Cash in hand and balances with the Bank of England	61,159	-	-	-	-	-	61,159
Loans and advances to credit institutions	4,772	1,506	-	-	-	-	6,278
Debt securities	-	-	2,008	-	-	-	2,008
Derivative financial instruments	-	32	901	10,252	-	-	11,185
Loans and advances to customers	117	609	3,773	19,058	341,938	(492)	365,003
Tangible and intangible assets and other assets	-	-	-	-	-	3,928	3,928
Total assets	66,048	2,147	6,682	29,310	341,938	3,436	449,561
Shares	247,709	35,748	30,422	36,112	-	-	349,991
Amounts owed to credit institutions	-	1,714	23,000	-	-	-	24,714
Amounts owed to other customers	18,618	2,511	15,098	19	-	-	36,246
Derivative financial instruments	-	-	-	274	-	-	274
	266,327	39,973	68,520	36,405	-	-	411,225
Other liabilities	-	-	-	-	-	12,772	12,772
Reserves	-	-	-	-	-	25,564	25,564
Total liabilities	266,327	39,973	68,520	36,405	-	38,336	449,561
Net liquidity gap	(200,279)	(37,826)	(61,838)	(7,095)	341,938	(34,900)	-

The tables below set out maturity analysis for financial liabilities that show the remaining contractual maturities at undiscounted amounts. The analysis of gross contractual cash flows differs from the analysis of residual maturity due to the inclusion of interest calculated at current rates, for the average period until maturity on the amounts outstanding at the statement of financial position date.

31 October 2023	On demand	Not more than three months	More than three months but not more than one year	More than one year but not more than five years	More than five years	Total
		£000	£000	£000	£000	£000
Financial liabilities						
Shares	179,701	76,596	57,318	85,237	-	398,852
Amounts owed to credit institutions	-	28,729	17,525	-	-	46,254
Amounts owed to other customers	12,826	25,822	20,858	-	-	59,506
Derivative financial instruments	-	-	40	656	-	696
	192,527	131,147	95,741	85,893	-	505,308

31 October 2022	On demand	Not more than three months	More than three months but not more than one year	More than one year but not more than five years	More than five years	Total
		£000	£000	£000	£000	£000
Financial liabilities						
Shares	247,709	35,921	30,601	37,473	-	351,702
Amounts owed to credit institutions	-	1,770	23,278	-	-	25,048
Amounts owed to other customers	18,618	2,521	15,151	19	-	36,309
Derivative financial instruments	-	-	-	274	-	274
	266,327	40,212	69,030	37,766	-	413,333

Note: derivative financial instruments represent forward interest payable to maturity on swap contracts.

25 Financial instruments (continued)

Market risk

'Market risk' is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk; currency risk, interest rate risk and other price risk. As a retailer of financial instruments in the form of mortgage and savings products, the principal element of market risk affecting the Society is interest rate risk. This risk arises due to actual, or potential, changes in the general level of interest rates, changes in the relationship between short-term and long-term interest rates and divergence of rates on different bases across different balance sheet items (basis risk). The Society only deals with products in sterling so is not directly affected by currency risk. The Society's products are also only interest orientated products so are not exposed to other pricing risks.

The management of interest rate risk is based on a full statement of financial position gap analysis, which is prepared on a monthly basis, including a forecast for the month ahead, and presented quarterly to ALCO. The gap analysis is subject to a stress test of 2% shift in interest rates and the results measured against the risk appetite for market risk which is currently set at 3% of general reserves. Basis risk is also monitored in line with a Board approved risk appetite.

The following is an analysis of the Society's sensitivity to a +2% parallel shift in market interest rates, i.e. assuming no asymmetrical movement in yield curves and a constant financial position.

	2023	2022
	£000	£000
Sensitivity of projected net interest income profit and equity to a +2% parallel shift		
At 31 October	**614**	743
Average for the period	**601**	838
Maximum for the period	**1,099**	1,173
Minimum for the period	**166**	527

Derivatives held for risk management

The Society uses derivatives to assist in the management of certain risks it faces.

Fair value hedges of interest rate risk

The Society uses interest rate swaps to hedge its exposure to changes in the fair values of its exposure to market interest rates on fixed rate funding and loans and advances.

The fair values of derivatives designated as fair value hedges are as follows:

	2023		2022	
	Assets	**Liabilities**	Assets	Liabilities
	£000	**£000**	£000	£000
Instrument type:				
Interest rate swap	**8,394**	**696**	11,185	274

Capital

The Society's policy is to hold a strong capital base to maintain member, creditor and market confidence and to support future development and growth. The principal component of capital is the retained earnings in General Reserve and it is important for the Society to sustain adequate levels of profitability in order to safeguard the capital base. Capital adequacy is measured under the Internal Capital Adequacy Assessment Process (ICAAP). The Prudential Regulatory Authority (PRA) sets a minimum Internal Capital Guidance (ICG) and the Society aims to maintain capital in excess of this level. During the year, the Society has compiled with its capital requirements at all times.

26 Operating leases

There are no leasehold commitments at 31 October 2023 (2022: nil).

27 Country-by-country reporting

Financial institutions that are within the scope of CRD IV are required under Article 89 to disclose information on the source of the firm's income and the location of its operations. The annual reporting requirements for the Society as at 31 October 2023 are as follows:

Name	Loughborough Building Society
Nature of activities	Mortgage lender, deposit taker and provider of savings accounts
Geographical location	The Society is registered and trades solely within the United Kingdom
Turnover	Turnover, represented by total net income, was £9m
Number of employees on a full-time equivalent basis	85
Profit before tax	£1,099,000
UK corporation tax paid in the year	£362,000
Public subsidies received	None

1 Statutory Percentages

	2023	2022	Statutory Limit
	%	%	%
Lending limit	**0.68**	1.18	25.00
Funding limit	**21.03**	14.83	50.00

The above percentages have been calculated in accordance with the provisions of the Building Societies Act 1986.

The Lending Limit measures the proportion of business assets not in the form of loans fully secured on residential property. Business assets are the total assets of the Society as shown on the Statement of Financial Position plus impairment provisions, less tangible and intangible fixed assets, derivatives and liquid assets. Loans fully secured on residential property are the amount of principal owing by borrowers and interest accrued on derivatives not yet payable, plus FRS 102 adjustments. This is the amount as shown in the Statement of Financial Position plus impairment provisions.

The Funding Limit measures the proportion of shares and borrowings not in the form of shares held by individuals.

The statutory limits are as laid down under the Building Societies Act 1986 and ensure that the principal purpose of the building society is that of making loans which are secured on residential property and are funded substantially by its members.

2 Other Percentages

	2023	2022
	%	%
As a percentage of shares and borrowings:		
Gross capital	**5.32**	6.22
Free capital	**4.68**	5.44
Liquid assets	**12.72**	16.90
As a percentage of mean total assets:		
Profit the financial year	**0.17**	0.32
Management expenses	**1.65**	1.71

The above percentages have been prepared from the Society's accounts and are unaudited and in particular:

'Shares and borrowings' represent the total of shares, amounts owed to credit institutions and amounts owed to other customers.

'Gross capital' represents the aggregate reserves as shown in the Statement of Financial Position.

'Free capital' represents the aggregate of gross capital and collective impairment provision, less tangible and intangible fixed assets.

'Mean total assets' represents the average of total assets at the beginning and end of the year.

'Liquid assets' represents the total of cash in hand, balances with the Bank of England, loans and advances to credit institutions and debt securities.

'Management expenses' represents the aggregate of administrative expenses, depreciation and amortisation.

3 Calculation of the Society's key performance indicators

TOTAL ASSETS

This shows the growth in total assets of the Society as reported on the Statement of Financial Position on page 29.

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.

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.

3 Information relating to the Directors at 31 October 2023

Name	Date of appointment	Business occupation	Other Directorships
H.E. Sachdev Chair of the Board	01.03.17	Non-Executive Director	WOMBA Limited The Inclusion Partnership Limited PPL PRS Ltd. Wilmington plc
G Brebner	13.07.09	Building Society Chief Executive	None
R.W. Barlow	01.03.19	Non-Executive Director	Anexo Group Plc
M. Wade	28.03.22	Customer Service Director	None
R. Broadbent	07.11.22	Finance Director	None
J.E. Pilcher	01.05.16	Group Treasurer	Morhomes plc
R.L. Curtis	01.12.18	Chief Executive Officer	Inicio AI Limited RCB Property Limited RD Bowen Property Limited Coaching & Consultancy Limited
C. J. Ashton	01.03.20	Non-Executive Director	Al Rayan Bank plc St Anne's Community Services
S.M.S. Choudhry	01.07.20	Banker	Recognise Bank Limited Wandle Housing Association
S. Lee	01.03.23	Risk & Compliance Director Society Secretary	None

Documents may be served on the above named Directors c/o Mazars LLP at the following address:
30 Old Bailey, London EC4M 7AU

All Executive Directors are employed on service contracts. These can be terminated by the Society following a maximum of 12 months' notice in the case of G. Brebner, and six months' in the case of M. Wade, R. Broadbent and S. Lee. The contracts may be terminated by each Executive Director, by 12 months' notice in the case of G. Brebner and 6 months' notice in the case of M. Wade, R. Broadbent and S. Lee.

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