



Business Review and Summary Financial Statement

**For the year ended 31 October 2025
including Notice of Annual General Meeting**

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Chief Executive's Introduction

Results Year ended 31 October 2025



Please find enclosed the Society results for year ended 31 October 2025.

The AGM notice is contained later in this Summary and I would encourage you to read it and vote,

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

In terms of financial results this has been a mixed year for the Society. Trading wise it has been difficult to manage net interest margin. In the year to 31 October 2025 Bank base rates fell from 5% to 4%. Mortgage rates generally have tracked this reduction whereas savers rates across the market did not. This is good news for savers but not for Society profitability. Others in our sector have experienced the same challenge. These 'higher for longer' saver rates and lower lending rates have negatively impacted our profitability.

Added to this the extended time and temporary costs of preparing for business core system change and higher inflation has led to management costs rising in the year by just over £1m. Most of that cost relates to the system change work. Taken together the Society has reported a pre-tax loss of £0.7m.

Members should also note half of the reported loss of £0.7m occurs from accounting for the fair value movement of hedging instruments (swaps). This is an accounting loss rather than a real cash loss.

From a balance sheet perspective assets have grown to over £600m. Mortgage balances have grown by 6.6% to £513m and savings balances of £516m are up 6.7%. All of these are at record levels. This is a tremendous achievement by our teams. They have achieved this whilst undertaking protracted testing on the new core system and despite the difficult economic environment.

In 2024 the Society successfully migrated to a new mortgage sales system. These new platforms are more capable and efficient but also cost more. I am pleased to inform members that we have seen the benefits of those efficiencies during the year. Gross lending in the year has risen to £125m which, given all the other challenges, is a really good result.

Despite the period of higher interest rates and protracted period of higher inflation we have yet to see any meaningful increase in arrears although the number of members requiring assistance has risen. The overall impairment provision stands at £0.9m, the same as last year.

The underlying financial strength of the business remains and in 2025:

- Gross mortgage balances reached a new high of £513m
- Record assets of £606m
- Share and deposit balances reached a new record of £516m
- Liquidity balances stand at £83m
- Reserves are £26m and our gross capital ratio is 4.50% well above the level needed for its mortgage book

The Society continues to strike a balance between growing the business, providing a reasonable return to saving members and making investments in new services and expertise. The focus is now restoring profitability after the costs of change have passed through.

Chief Executive's Introduction

Community contribution

During the year we continued to work with our selected local charities including Rainbows who we will also support through the number of votes cast for this AGM. During the year there have been volunteering groups working for Rainbows and numerous fund raising events run by staff to support the charity. We have kept the higher on-line AGM voting contribution to assist this very worthy cause.

Outlook for 2026

Although the Society does not provide formal forecasts, it will be helpful for members to understand the priorities for the year ahead.

Restoring profitability is a key management focus and priority. We are working hard with our external suppliers to complete the platform change early in 2026 thereby reducing the underlying Society costs and bringing the benefit of change to our customers and employees alike. The Society will be still running with higher costs until the system change but should fall after that. The focus on completing our platform change and restoring profitability means we anticipate holding our balance sheet size for 2026.

With the cyber events seen in 2025 we will continue to invest in defences to protect the Society from criminal attacks.

Although there is plenty of evidence of new house building, supply is still rising less quickly than demand. Falling interest rates improves affordability for all borrowers. These two factors support house price growth in 2026.

Inflation appears to have stabilised, but is higher than the Bank of England's target rate. It is hard to see how cost-of-living pressures on household budgets will disappear quickly. The Society remains ready to support borrowers during these difficult times. There is a support centre hub on our website for those facing difficulties.

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

Our People

2025 has been a very busy year progressing work related to IT change and managing pricing and product changes across the mortgage and savings portfolios. Staff have shown tremendous dedication and effort in continuing to provide an excellent service to members. All of our teams have worked extraordinarily hard this year meeting the various challenges head on.

I would like to thank all our members for your on-going support over the year and I hope you have a safe, successful and enjoyable 2026.

Gary Brebner

Chief Executive
13 January 2026

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 table below shows the progress over the last three years across a number of key indicators. The calculation of each of the key performance indicator is explained below.

	2025	2024	2023
Reserves	£26.0m	£26.6m	£26.4m
(Loss) / profit before tax	£(0.7)m	£0.1m	£0.8m
Liquid assets	£84.2m	£63.8m	£63.1m
Mortgage assets	£513.1m	£481.1m	£456.7m
Share balances	£516.1m	£483.4m	£391.9m
Management expenses	1.68%	1.64%	2.03%

RESERVES

Reserves are the total amounts earned after tax charges that are retained by the Society for future use.

(LOSS) / PROFIT BEFORE TAX

(Loss) / profit before tax is the net amount earned after taking into account all expenses but before tax charges.

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.

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.

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.

MANAGEMENT EXPENSES %

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

Summary Financial Statement

The Financial Statement is a summary of information in the audited Annual Accounts, the Directors' Report and Annual Business Statement, all of which will be available to members and depositors, free of charge on demand, at every office of Loughborough Building Society from 31 January 2026.

Approved by the Board on 13 January 2026 and signed on its behalf by:

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

Summary Directors' Report

The Board is pleased to present their 158th Annual Report, together with the Annual Accounts and Annual Business Statement of Loughborough Building Society for the year ended 31 October 2025.

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 2025 saw the continuation of reductions in Bank base rate from 5% at the Society's prior year-end to 4% at 31 October 2025. There remains considerable geopolitical uncertainty with volatile US trade tariffs, combined with the ongoing conflict in Ukraine continuing to drive some market volatility in the near-term inflation and interest rate outlook. The forecast for UK growth remains weak, which together with a more benign inflation outlook should support further modest reductions in base rate in 2026.

To help protect the Society's savers in a falling base rate environment it has passed on only a proportion of the reduction in base rate to its variable rated savings accounts. In taking these decisions the Society has to manage the need to provide fair priced savings products to members with the need to manage net interest margin to maintain its long term financial stability.

Our experience to date is that there has been no material change in mortgage arrears, despite many existing borrowing members having to pay a higher rate as their existing mortgage deals mature. However, the Board remains alert to the continuing level of uncertainty within the economy and the potential for this to result in an increase in arrears rates. Where borrowers experience financial difficulty, the Society always looks to work with borrowers to provide short term flexibility on repayment options.

Lending and Saving

Competition has been intense for a number of years in both lending and saving markets. The view that UK base rate will fall further has resulted in a reduction in mortgage pricing across the market, particularly for fixed rate products.

Summary Financial Statement

For savers, competition in the wider market kept savings rates high, despite the 1% cumulative reduction in base rate in the period since 31 October 2024. The Society's objectives remain to reward its savers with sustainable and fair pricing that equally work for existing customers as well as attracting new ones. It is a price taker in both mortgage and savings markets. However, a focus on mortgage lending in markets that provide higher returns and growth in the overall size of the mortgage book has supported a modest increase in the level of net interest margin that the Society has been able to deliver.

In 2025 the Society delivered gross mortgage lending of £125m, (2024: £92m), with this increase in lending supported by the successful implementation of a new mortgage origination system in Q2 2024. The Society anticipates lower levels of gross lending in 2026 as it focuses resources on the safe and successful migration to a new core operating platform. The level of gross lending achieved in 2025, together with the retention of existing mortgage balances, resulted in net mortgage book growth of £32m (2024: £24m).

This is the ninth 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 2026 the Society will complete the transformation of our IT systems. These systems will support the delivery of a modern resilient operating system that will provide a platform for future growth.

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

Growth was also achieved in the Society's share balances with net savings receipts of £51m representing another year of strong savings growth (2024: £91m). Most of the Society's savings business continues to be conducted through the branch network, supplemented by the use of an online savings platform.

Growth has also been built primarily on the Society's range of good value and straightforward savings products. In the prior year the Society fully repaid its borrowing from the Bank of England. It has no borrowing outstanding from the Bank at 31 October 2025.

As in the prior year, all mortgage balances are fully funded by member share accounts.

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

Profitability

In terms of financial results this has been a mixed year for the Society. Trading wise it has been difficult to manage net interest margin. In the year to 31 October 2025 Bank base rates fell from 5% to 4%. Mortgage rates generally have tracked this reduction whereas savers rates across the market did not. This is good news for savers but not for Society profitability. Others in our sector have experienced the same challenge. These 'higher for longer' saver rates and lower lending rates have negatively impacted our profitability.

Added to this the extended time and temporary costs of preparing for business core system change and higher inflation has led to total management expenses rising in the year by just over £1m. Most of that cost relates to the system change work.

Summary Financial Statement

Taken together the Society has reported a pre-tax loss of £0.7m.

Members should also note half of the reported loss of £0.7m occurs from accounting for the fair value movement of hedging instruments (swaps). This is an accounting loss rather than a real cash loss.

These fair value movements are the result of accounting rules for certain financial instruments and are temporary in nature, so are not considered to be indicative of the Society's underlying financial performance.

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

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

Impairment

The Income Statement shows an impairment charge of £10k during the year compared to a credit of £0.2m in 2024. The credit in the prior year reflected strength returning to the wider UK housing market with market prices increasing which, together with the Society considering that with the easing of the cost-of-living crisis and high inflation of recent years, the probability of customers defaulting on their mortgages in the future is lower. Growth in the overall size of the Society's mortgage portfolio in the year to 31 October 2025 was the primary

driver of the modest impairment charge. As in the prior year the Society has not seen any specific loss being incurred on the sale of properties in possession or increasing arrears levels.

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

The level of individual impairment at the end of the year was £268,000 (2024: £164,000).

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

In the Society's case, PD data published by the Fitch ratings agency is used for this purpose. In spite of the inflationary pressure seen in recent years the Fitch PDs have not deteriorated, and neither of these matters have had a noticeable impact on the Society's allowance for loan impairment. Over the year the provision for collective impairment shows a reduction from £744,000 in 2024 to £650,000. This reduction is due to modest house prices increases in 2025 more than offsetting the growth in the overall size of the Society's mortgage portfolio.

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



Summary Financial Statement

work there. As banks continue to shrink their branch networks in our heartland the Society will evaluate opportunities as they arise to expand into communities where it would assist with growth ambitions and widening the membership offering.

Society Staff

The Board wishes to place on record its appreciation for the work of the Society's staff during another busy year with high numbers of mortgage applications and launching new savings and mortgage accounts to customers, together with considerable work connected with the upcoming migration to a new core operating platform. The Board is proud of them for all they have achieved and knows how much their efforts are appreciated by our members.

Climate Change

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

The Society has now spent sufficient time in its new Head Office to determine the impact on energy usage and the associated climate impact. In 2026 a full carbon footprint assessment will be commissioned, with the results being used to determine what further steps can be taken to reduce emissions further.

Principal Risks and Uncertainties

Building societies operate in a highly competitive and regulated market with significant uncertainties arising from the general economic environment, in particular the demand for borrowing and the availability of funding.

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

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

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

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

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

- **Credit Risk**, this relates to the risk that mortgage customers or treasury counterparties,

Summary Financial Statement

to whom the Society has placed money, may default on their obligation to pay.

- **Interest Rate Risk**, this is the risk that income or expenditure, arising from the Society's assets or liabilities, varies as a result of changes in interest rates. In the year to 31 October 2025 a further 1% reduction in base rate was implemented by the Monetary Policy Committee at the Bank of England. As mortgage and savings rates have reacted differently to these decreases the Society has been and continues to be exposed to differing income and costs in the two sides of its balance sheet.
- **Liquidity Risk**, this relates to the Society's ability to meet its financial obligations as they fall due. Times of significant uncertainty, such as caused by the cost of living crisis or 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 a Bank of England scheme that would provide emergency funding should the unlikely need arise.
- **Operational Risk**, this is the risk of a loss arising from inadequate or failed internal processes or systems, human error, key supplier failure or external events including cyber risks.
- **Regulatory Risk**, this is the risk that the volume and complexity of regulatory requirements and related costs reduce the Society's capital and ability to compete over a period of time. Regulatory changes are closely monitored, actioned where appropriate and reported to the Board.
- **Conduct Risk**, this is the risk that the Society does not treat its customers fairly or provides inappropriate products for customers.
- **Strategic Risk**, this is the risk of the Society entering unprofitable markets, offering unprofitable products or being unable to keep up with changes in customer expectations. The Board has a strategic duty to ensure that the Society makes an adequate amount of profit to maintain capital ratios at a level sufficient to provide long term financial strength and stability for all members.
- **Concentration Risk**, this is the risk of loss due to a large individual or connected exposure that could be affected by common factors including geographical location. The Board sets limits for maximum exposures to both borrowers and treasury counterparties.
- **Reputational Risk**, as a deposit taking institution, it is essential that the Society safeguards its members' funds and ensures that events do not arise which could damage our reputation and lead to a loss of public confidence.
- **Climate Risk** is the risk of adverse impacts on the Society's business caused by climate change. These risks have been identified as being physical and transitional. Physical risks could create a direct impact, such as properties over which the Society holds a mortgage becoming uninhabitable or unsaleable due to increased risk of flooding. Transition risks could include developments such as potential disruption to certain sectors of the economy as society moves from higher to lower levels of carbon production in energy generation. In 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

Summary Financial Statement

the remediation costs of converting low energy efficiency homes to a better standard of energy efficiency may be substantial. The impact of this has been fully incorporated into the Society's annual assessment of its capital position and the impact on this of various stress scenarios.

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

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

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

Corporate Governance

The Board is committed to good practice in corporate governance and supports the principles of the Corporate Governance Code 2024 insofar as they apply to a building society.

For a number of years, the Society has encouraged members to vote by linking the number of votes cast to a donation to a charity. The Society will donate 30 pence per postal vote and £1 per on-line vote, up to a maximum of £1,000.

Board Directors are present at the AGM unless there are exceptional circumstances that prevent

attendance. Board Directors are available to meet with members both before and after the meeting and to answer questions on both a formal and informal basis.

Regulation

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

Directors

The following served as Directors during the year and up to the date of signing this report:

Executive Directors

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

Non-Executive Directors

H.E. Sachdev FCMA	Chair of Board
R.W. Barlow BA, FCA	Senior Independent Director
R.L. Curtis	
C.J. Ashton ACMA, CF, Dip PFS, SMP	
Z. Ali BSc, ACA	Appointed 1 January 2025
C. Roe	Appointed 1 June 2025
S.M.S. Choudhry PhD, FCSI, FLIBF	Resigned 9 December 2024
J.E. Pilcher ACIB, FCT	Retired 31 May 2025

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

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Donations

There were no donations for political purposes.

The Society supports a number of local community-based charities and also makes a donation to Rainbows Hospice for Children and Young People, for each vote cast at its Annual General Meeting. A donation of £1,500 was made to this charity in the year.

Auditor

A resolution to reappoint Forvis Mazars LLP as Auditor of the Society was passed at the 2025 AGM.

On behalf of the Board

Helen Sachdev, Chair of the Board

13 January 2026

Summary Financial Statement

	2025 £000	2024 £000
Results for the year		
Net interest receivable	9,598	8,912
Other expense	(485)	(298)
Administrative expenses	(9,779)	(8,722)
Provisions – for impairment	(10)	212
(Loss) / profit for the year before taxation	(676)	104
Taxation	8	119
(Loss) / profit for the financial year	(668)	223

Financial position at end of the year

Assets

Liquid assets	84,233	63,803
Loans and advances to customers	513,078	481,145
Derivative financial instruments	631	2,811
Fixed and other assets	8,533	8,274
Total assets	606,475	556,033

Liabilities

Shares	516,116	483,445
Borrowings	61,445	43,288
Derivative financial instruments	2,016	665
Other liabilities and deferred taxation	928	1,997
Reserves	25,970	26,638
Total liabilities	606,475	556,033

	2025 %	2024 %
Gross capital as a percentage of shares and borrowings	4.50	5.06
Liquid assets as a percentage of shares and borrowings	14.58	12.11
(Loss) / profit the financial year as a percentage of mean total assets	(0.12)	0.04
Management expenses as a percentage of mean total assets	1.68	1.60

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

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

We have examined the Summary Financial Statement of Loughborough Building Society (the "Society") set out on pages 6 to 14.

Respective responsibilities of directors and auditor

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

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

Basis of opinion

Our examination of the Summary Financial Statement consisted primarily of:

- Agreeing the amounts included in the Summary Financial Statement to the corresponding items within the Annual Report and Accounts, the Annual Business Statement and the Directors' Report of the Society for the year ended 31 October 2025 including consideration of whether, in our opinion, the information in the Summary Financial Statement has been summarised in a manner which is not consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year;
- Checking that the format and content of the Summary Financial Statement is consistent with the requirements of section 76 of the Building Societies Act 1986 and regulations made under it; and
- Considering whether information has been omitted which although not specifically prescribed by section 76 of the Building Societies Act 1986 and regulations made under it, in our opinion, is necessary to ensure consistency with the Annual Report and Accounts, the Annual Business Statement and the Directors' Report of the Society for the year ended 31 October 2025.

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

Our report on the Society's Annual Report and Accounts describes the basis of our opinion on those annual accounts, the Annual Business Statement and the Directors' Report.

Opinion

In our opinion the Summary Financial Statement is consistent with the Annual Report and Accounts, the Annual Business Statement and the Directors' Report of Loughborough Building Society for the year ended 31 October 2025 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

Use of the statement

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

Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
3 Wellington Place
Leeds
LS1 4AP
13 January 2026

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 their remuneration and benefits are being considered.

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

Executive Directors' Remuneration

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

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

Chair of the Board and Non-Executive Director fees

The remuneration of the Chair of the Board 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.

Directors' Remuneration Report

Annual Performance Pay

In light of the Society's profitability the Executives proposed and the Remuneration Committee agreed, to not set any variable pay scheme for the Executive Directors in the year. For the previous year, although some of the performance scheme objectives were met, the Executives requested that no payment be made as profit levels were too low. The Committee agreed to this request and no payment was made.

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.

Other Benefits

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

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

Service Contracts

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

Directors' Remuneration

Executive Directors (audited information)

2025	Salary	Annual Performance Pay	Pension Contributions	Benefits	TOTAL
	£000	£000	£000	£000	£000
G. Brebner	227	-	27	14	268
R. Broadbent	164	-	20	8	192
S. Lee	138	-	17	8	163
M. Wade	147	-	17	8	172
TOTALS	676	-	81	38	795

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

Directors' Remuneration Report

Non-Executive Directors' Remuneration

Non-Executive Directors are remunerated solely by fees. They do not have service contracts and they do not receive any salary, pension, incentives or other taxable benefits. The Board's policy is to review the fees annually. The fees paid reflect

the responsibility undertaken and the time spent on Society affairs including membership of Board committees. 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 2025	At 31 October 2024	2025 Fees £000	2024 Fees £000
H.E. Sachdev	Chair of the Board	Chair of the Board	53	51
J.E. Pilcher ¹	N/A	Chair of Risk Committee	23	38
R.L. Curtis	Chair of Remuneration Committee	Chair of Remuneration Committee	33	32
R.W. Barlow	Chair of Audit and Compliance Committee and Senior Independent Director	Chair of Audit and Compliance Committee and Senior Independent Director	44	43
C.J. Ashton	Chair IT Programme Board and Chair of Risk Committee	Chair IT Programme Board	38	33
S.M.S. Choudhry ²	N/A	Chair of ALCO	3	30
Z. Ali ³	Board member	N/A	29	-
C. Roe ⁴	Board member	N/A	13	-
TOTALS			236	227

¹J.E. Pilcher retired 31 May 2025

²S.M.S. Choudhry resigned 9 December 2024

³Z. Ali appointed 1 January 2025

⁴C. Roe appointed 1 June 2025

Rachel Curtis
Chair of Remuneration Committee
13 January 2026

Notice of Annual General Meeting

Notice is hereby given that the 158th Annual General Meeting of the Loughborough Building Society will be held on Monday 23 February 2026 at 10.30am at The Council Chamber, Loughborough Town Hall, Market Place, Loughborough LE11 3EB for the following purposes:

To receive the Auditor's Report for the year ended 31 October 2025.

Ordinary Resolutions

- 1 To receive the Directors' Report, Annual Report and Accounts and Annual Business Statement for the year ended 31 October 2025.
- 2 To approve the Directors' Remuneration Report for the year ended 31 October 2025.
- 3 To re-appoint Forvis Mazars LLP as Auditor of the Society to hold office until the conclusion of the next Annual General Meeting.

Election and re-election of Directors

- 4 To consider and, if thought fit, elect or re-elect the following as Directors:
 - (a) To elect Zayna Ali
 - (b) To elect Charles Hamilton Roe
 - (c) To re-elect Roger William Barlow
 - (d) To re-elect Michelle Wade

By order of the Board

Susan Lee

Risk & Compliance Director and Society Secretary
13 January 2026

NOTES

1. These Notes form part of the Notice of Annual General Meeting.
2. Under the Society's Rules a member entitled to attend the Meeting and vote may appoint one proxy to attend and vote on his or her behalf. You may appoint the Chair of the Meeting or anyone else as your proxy. Your proxy does not have to be a member of the Society. Your proxy may vote for you at the Meeting but only on a poll. A poll is a formal vote which may take place after an initial vote by a show of hands. Your proxy may not speak at the Meeting, except to demand or to join in demanding a poll.

3. You may instruct your proxy how to vote at the Meeting. Please read the instructions on the proxy voting form.
4. The voting date is Wednesday 18 February 2026 if you are voting by proxy (either by post or online), or Monday 23 February 2026, if you are voting in person at the AGM.
5. In order to attend and vote at the Meeting, or appoint a proxy, you must qualify as eligible to vote. You are eligible to vote if:
Age: You will be aged 18 or over on 23 February 2026; and
Membership: You are the sole or first named account holder in the records of the Society; and
 - (a) You held at least £100 in your savings account(s) with the Society on 31 October 2025, and continued to have a savings account(s) with the Society at all times between 31 October 2025 and the voting date; or
 - (b) You owed the Society not less than £100 on your mortgage account(s) on 31 October 2025 and on the voting date.
6. You can vote only once as a member, irrespective of:
 - (a) the number of accounts you hold and whether you hold accounts in different capacities (for example, on your own behalf and as a trustee); and
 - (b) whether you qualify to vote as both a shareholding member and a borrowing member.
7. Members attending the Meeting will be requested to produce their passbooks or other evidence of membership in order to obtain admission. If you are appointing a proxy, other than the Chair of the Meeting, to attend the Meeting and vote on your behalf, please ensure that your proxy brings an appropriate form of identification to the Meeting. This may include, for example, a valid driving licence or passport.
8. If you appoint a proxy, other than the Chair, and they do not attend the Meeting, then your vote will not be counted.

Directors seeking election or re-election

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



Zayna Ali

Zayna joined the Board in January 2025. She has a wealth of experience in financial services, having worked at the Bank of England before joining the private sector, where her most recent role was as Chief Risk Officer for a UK Bank. In her spare time, Zayna prioritises being with her family, often cooking with them, dining out or exploring new places.

"I'm standing for election because I care deeply about the future of our building society. I want to help ensure we stay true to our values of trust, fairness, and community, while also embracing new ideas that help us grow and stay relevant. I'll work hard to make sure decisions are made openly and responsibly. If elected, I'll bring energy, common sense, and a genuine commitment to doing what's right. It would be an honour to serve on the Board and represent the interests of our members."



Charles Roe

Charles joined the Board in June 2025. He has more than 30 years' financial services experience across regulation, risk, compliance, and board-level roles, including executive and non-executive positions. He brings expertise in governance, risk and conduct. Charles is currently Director of Mortgages at UK Finance and a non-executive director of StoneBridge Mortgage Solutions (a mortgage advice network) where he chairs the Risk Committee. Charles worked for over a decade at the Financial Conduct Authority as head of its mortgage and mutual supervisory team. Charles is married, with two grown-up children. Although he grew up and went to school in Leicester, he now lives in Hertfordshire. Outside of his professional career, Charles enjoys spending time with his family, sailing, and supporting Leicester City Football Club.

"I have been a strong supporter of, and advocate for, the building society and mutual sectors for many years. I look forward to working with and supporting my fellow Board colleagues to ensure The Loughborough continues to enable its mortgage and savings members achieve their financial and homeownership goals."



Roger Barlow

Roger joined the Board in March 2019. He is a Chartered Accountant and was a partner with KPMG until 2000. Thereafter he has held a series of non-executive directorships including being Chair of a Northern Building Society, Chair of Audit at a challenger bank and at a NHS Foundation Trust Hospital, and Director of two AIM listed companies.

Roger is married with two grown up children and two active grandchildren. He enjoys skiing, overseas travel and family time.

"It's been a privilege to serve as a Non-Executive Director and Chair of Audit at the Loughborough and help the Society grow and embrace new technology for the benefit of all members – savers and borrowers."



Michelle Wade

Michelle joined the Society in 2022, bringing with her over 30 years of experience in financial services.

Michelle graduated from Loughborough University with a Masters degree in Management and Leadership, is an Associate of the Chartered Institute of Personnel and Development and has achieved Chartered Manager status with the Chartered Management Institute. Michelle is married with two grown up children. In her spare time, she enjoys playing golf, spending time with family and friends and taking the dog on long country walks.

"It's been my privilege to serve on your Board for the past three years. One of the favourite parts of my role is meeting members and hearing what's important to you. I try to bring your voice to the Board table, making sure that members' interests are considered at every step of any decision we make. As we move towards the introduction of improved technology, my focus is to ensure that we can offer you a better, more streamlined, way of interacting with us, whilst retaining the personal touch that I hope sets us apart. I'm very much looking forward to playing a part in shaping the next stage of the Society's journey."

Important information about the 2026 AGM

2026 AGM Arrangements

The AGM will be held on Monday 23 February 2026 at The Council Chamber, Loughborough Town Hall, Market Place, Loughborough LE11 3EB. The meeting starts at 10.30am. We hope that you can join us.

Voting in the AGM is one way in which you can let us know how you feel – so please take the time to use your vote. You can vote online, by post, in branch or agency, or at the AGM meeting. Details are provided below.

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

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

How to vote

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

You can vote:

ONLINE

Voting online is quick and easy either:

- Scan the QR code on the front page of your voting form, to go straight to the voting website; or
- Visit the website. Go to www.cesvotes.com/loughborough26 and enter your unique voting codes (these are shown on your paper voting form).

Vote by midnight on Wednesday 18 February 2026.

BY POST

Use the pre-paid envelope provided to post your voting form to Civica Election Services, to arrive no later than Wednesday 18 February 2026.

IN BRANCH OR AGENCY

Drop your voting form into the ballot box at your local branch or agency by close of business on Wednesday 18 February 2026.

IN PERSON

Join us at the AGM which starts at 10.30am on Monday 23 February 2026 at The Council Chamber, Loughborough Town Hall, Market Place, Loughborough LE11 3EB. Please email us at: LBSAGM@theloughborough.co.uk to register your place.

Questions for the AGM

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

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

Questions must be received by Wednesday 18 February 2026, together with your full name and address. Members attending the AGM will also be able to ask questions during the meeting.

Responses to the most commonly asked questions will be published on our website alongside the AGM voting results in early March 2026.

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

Register to view a recording of the AGM

To register to access a recording of the 2026 AGM please complete the registration section on the online voting portal, or if using the paper voting option on the reverse of the Proxy Voting Form. The recording will be made available to view until 31 March 2026.

Financial Services Compensation Scheme

Your eligible deposits with Loughborough Building Society are protected up to a total of £120,000 by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme.

For further information please call us on 01509 631960, ask at your local branch or visit the FSCS website www.fscs.org.uk

Tariff of Mortgage Charges effective from 1 March 2026

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

The Tariff of Charges doesn't include charges for taking out a new mortgage or a further advance. You'll be informed of any costs associated with a new mortgage or further advance in the Personal Illustration of Costs and for commercial mortgages in your Terms and Conditions Letter which will be prepared for you before you make your application. We'll provide you with an updated Tariff each year and you can also ask us for a copy or view it on the Society's website at theloughbororough.co.uk/support-centre/mortgage-support/existing-borrower-faqs at any time.

If you need additional documentation relating to your mortgage

Name of charge	What this charge is for	How much is the charge
<i>Duplicate mortgage statement or a schedule of mortgage payments (interim statement of account for the current year)</i>	If you need us to prepare and supply a list of your mortgage account transactions for the current year or provide a copy of a previous mortgage statement. This charge relates to each year we are asked to provide information for.	£25
<i>Duplicate request for MIRAS 5 (tax certificate)</i>	If you need us to provide a copy of a previously issued certificate of interest paid. This charge relates to each year we are asked to provide information for.	£10
<i>Mortgage reference/second charge questionnaire</i>	If another lender asks us for a mortgage reference confirming how you have managed your mortgage account with us. This will only be supplied with your permission.	£75
<i>Consent, postponement or discharge of a second charge</i>	If you ask us to consider and give agreement to secure other borrowing against your property; or you ask us to prepare and seal a Deed of Postponement; or you ask us to work with another lender to release funds to repay their second charge.	£75

If you change your mortgage

Name of charge	What this charge is for	How much is the charge
<i>Permanent change of repayment type and/or term *</i>	If you extend or reduce the remaining term and/or change your mortgage repayment type on all or part of your mortgage.	£50
<i>Variation of/or change to title</i>	If you want to remove part of the property or land from the mortgage. It covers administration costs, including sealing the relevant legal deed and issuing letters of consent. We may need to instruct a revaluation of your property for which there will be an additional fee.	£100
<i>Release of guarantor and/or release or change of collateral security</i>	If you want to release the guarantor from your account and/or release or change the collateral security we hold for your mortgage account, we'll need to reassess your circumstances. You'll need to pay this fee when you make your application. We may need to instruct a valuation for which there will be an additional fee.	£100
<i>Redemption Administration fee</i>	If you repay your mortgage and we seal your deeds and/or release our charge. This fee is waived if you repay on expiry of your mortgage term or you take out a new mortgage with the Society.	£85

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

If you are unable to pay your mortgage

Name of charge	What this charge is for	How much is the charge
<i>Unpaid ground rent/service charge fee</i>	If you have a leasehold property, this is the charge to cover our administration costs if your freeholder or management company approaches us to pay ground rent or service charge on your behalf in order to prevent forfeiture of lease. If we do agree to pay any such outstanding amount this will be added to your mortgage.	£75
<i>Arrears visit</i>	If your account is more than two months in arrears and we've been unable to contact you, then we or a Field Agent acting on our behalf will visit your home. This allows us to assess your circumstances and work out a suitable arrangement. This is the maximum fee you could be charged.	£240
<i>Instruction of solicitors</i>	If we instruct solicitors to collect arrears or to start possession proceedings this fee will be debited to your mortgage account.	£100
<i>Instruction/cancellation of bailiff appointment</i>	If we instruct a bailiff to take possession or have to cancel a bailiff appointment.	£25
<i>Possession fee</i>	The administration costs to cover the extra work we have to do to manage a possession case.	£300
	Residential properties	£300
	Let properties	£500
	Commercial properties	£150
	Second charges	

Tariff of Savings Charges effective from 1 March 2026

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

We'll provide you with a Tariff when you open an account and you can also ask us for a copy or view it on the Society's website at www.theloughborough.co.uk at any time.

Name of charge	What this charge is for	How much is the charge
Telegraphic transfers (UK)	If you need us to arrange a telegraphic transfer of funds from your savings account to another bank.	£10
Telegraphic transfers (International)	If you need us to arrange a telegraphic transfer of funds from your savings account to another bank.	£10 + Bank Charges
Stopped cheque	If you need to stop a cheque which is drawn from your savings account, we will charge your account with this fee.	£10
Duplicate interest certificate	If you need us to provide a previously issued interest certificate, we'll charge your account with this fee for each account and for each year we're asked to provide a certificate.	£10
Duplicate postal account statement	If you need us to provide a previously issued account statement, we'll charge your account with this fee for each account and for each year we are asked to provide a statement.	£10
Audit / Accountants / Solicitors letter	If you need us to provide specific information about your savings accounts to an Auditor, your Accountant or Solicitor.	£25
Breakdown of transactions relating to passbook accounts	If you require analysis of transactions this fee covers the administration cost of carrying out this work to provide a response. This charge relates to each year we're asked to provide information for.	£10



The logo for The Loughborough Building Society. It features a blue rounded rectangle containing the text "The Loughborough Building Society" in white. To the right of the rectangle is a vertical bar with four colored segments: light blue, green, pink, and orange.

The Loughborough Building Society

Head Office

56 Woodgate, Loughborough, Leicestershire LE11 2TZ.

Tel: (01509) 610707 | Email: enquiries@theloughborough.co.uk

Branch Offices

4 High Street, Loughborough, Leicestershire LE11 2PY.

Tel: (01509) 610600 | Email: lboro@theloughborough.co.uk

1/2 Babington Lane, Derby DE1 1SU.

Tel: (01332) 290818 | Email: derby@theloughborough.co.uk

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

Tel: (0115) 9728088 | Email: longeaton@theloughborough.co.uk

29 The Nook, Anstey, Leicester LE7 7AZ.

Tel: (0116) 4440170 | Email: anstey@theloughborough.co.uk

Agency Office

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

Tel: (01636) 815349 | Email: southwell@theloughborough.co.uk

website: www.theloughborough.co.uk

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

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

Financial Services Register number: 157258.

Established 1867