Hinckley & Rugby
Building Society

Summary Financial Statement

For the year ended 30 November 2024 and
Notice of Annual General Meeting 2025

We are here to support our members & communities create a better financial future for themselves

Summary Financial Statement

Established 1865

Member of the Building Societies Association

Principal Office
Upper Bond Street, Hinckley,
Leicestershire LE10 1NZ
Tel: 0800 434 6343

www.hrbs.co.uk
email: enquiry@hrbs.co.uk

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

The Society's registration number is 206043.

This Summary Financial Statement is a summary of information in the audited annual accounts, Directors' Report and Annual Business Statement, all of which will be available to members and depositors free of charge on our website at hrbs.co.uk and at each office of the Society from 1 March 2025.

The information contained in the Chair's statement, Chief Executive's report and Chief Financial Officer's report, on pages 3 to 14, addresses the requirements of the Summary Directors' Report. Further information is contained in the full Annual Report and Accounts.

Chair's statement

"It is at times of great uncertainty that the stability and continuity of your building society never wavers, remaining true to its founding principles."

Nemone Wynn-Evans
Chair

It is with great pleasure that we present to our members the Annual Report and Accounts for 2024, and my first as your Board Chair. This really has been quite a year for your Society, as well as for the business backdrop in which we have been operating. At the start of the year, the Bank of England base rate was the highest it had been for over 15 years, at 5.25%, and soon the UK General Election and the Autumn Budget Statement loomed ahead of us. By the end of the year, interest rates had come down a little to 4.75%, but had not fallen by as much as had been widely anticipated.

As a result, this was a year which at times brought periods of great uncertainty, and no more so than in the households of our members, as you all took decisions on how best to manage your day-to-day finances. It is at times like these that the stability and continuity of your building society never wavers, remaining true to its founding principles. We have continued to support both our borrowers, still bearing higher repayments than they have previously been used to, and our savers, who are seeking strong returns on their money at a time when the impact of recent high inflation is still being felt.

We expect the uncertainty to continue during 2025 as the new Labour government implements changes to policy. The government announced one such change in its Autumn Budget Statement relating to stamp duty on house purchases that will impact first time buyers and those purchasing a second property from April 2025. This will impact lending volumes in these sectors during the next financial year.

Our support for our local communities in Leicestershire and Warwickshire has continued unabated this year, as has our support for colleagues, whether they be based in our home counties or further afield, on whom the delivery of our service to our members depends. They continue to put you at the heart of everything they do and strive every day to deliver to you the best service they can, whether through our branches or other service channels.

You may have noticed that we took on a different look and feel this year, as you can also see in this Annual Report, with our fresh new branding keeping us fit for the future and beyond. You may also have started to interact with us through new digital channels, and while our commitment to our branches remains unwavering, we need to ensure we stay relevant and available to all our members and potential members by developing our service offering.

I was hugely impressed by how our team delivered the final stages of our digitisation project this year, on time and on budget, enabling further mortgage and savings enhancements and the introduction of a mobile app. They have shown a level of professionalism and a commitment to avoiding disruption to your service of which I believe you can be proud.

This has also been a year in which new financial services regulations, from the Prudential Regulation Authority and the Financial Conduct Authority, have continued to keep us busy. You will read more in this report about how we have continued to rise to the challenge of the Consumer Duty, which has been introduced to effect a fundamental shift across the whole of our industry towards achieving good customer outcomes. Our team have continued to work incredibly hard to improve your member experience when you interact with us.

The Board of your Society settled into a new composition this year, as I stepped up to the Board Chair position

Chair's statement continued

following the AGM in March 2024, following our new Chief Executive Officer Barry Carter who took up his role at the start of January 2024. We said our final goodbyes to those non-executive directors who were leaving us at the end of their term, and I am delighted with the experts we now have round our Board table, supporting your Society with their deep knowledge across a wide range of business fields.

The year ahead for us will be all about building on the foundations Barry has laid, continuing to focus our range of mortgage and savings products to appeal to current and potential members, while serving all our members to the best of our ability.

Thank you for your interest in our Society and your continuing support. I would also like to thank all staff and my fellow directors for their hard work and commitment to progressing the Society's strategy during the year.

Nemone Wynn-Evans
Chair
7 February 2025

Chief Executive's report

"We are here to support our members create a better financial future for themselves. This renewed focus on our purpose has been key in helping to execute against our strategic priorities and is woven into everything we do."

Barry Carter
Chief Executive

The Year in Review

As I look back on 2024, the first year in which I led the Society as Chief Executive Officer, I am both pleased with our achievements and encouraged by our future trajectory. It has been a transformational year for the Society and one in which we have started to execute on our five-year strategic plan, which focuses on the following priorities:

- Mortgage and savings balance growth,
- Member centricity,
- People development, learning and community contribution, and
- Efficient and effective business.

My reflections on 2024 are centred on these strategic initiatives, both in areas where we have delivered and those where we still have more work to do.

In 2023's Annual Report, I mentioned that the Society revisited its purpose, to ensure there was clarity and alignment between members and colleagues.

Put simply our purpose is that **"We are here** to support our members and communities create a better financial future for themselves".

The emphasis is placed upon "We are here" because we are not only physically here, in the towns and communities we serve, but we are here for you when you need help to achieve your savings and home ownership goals. This renewed focus on our purpose has been key in helping to execute against our strategic priorities and is woven into everything we do.

Growth

As a mutually owned Building Society, without the influence of shareholders, our focus is profit optimisation and not maximisation, therefore we are able to reward the trust that members place in us by providing competitive mortgage and savings solutions. Despite the economic challenges of 2024, the Society has been able to generate a profit before tax of £1.52m, which although is lower than the result achieved in 2023, does reflect the economic conditions, market competition and increased costs relating to our digital expenditure. Despite the reduced profit, I am pleased to report that the Society grew both loans and advances to customers (mortgage balances) by 3.0% and retail savings balances by 6.5% during this period. This growth has resulted in both mortgage and savings balances being at their highest levels in the Society's 160-year history, aligning with our five-year strategy.

Savings

The savings market has been extremely competitive over the past year due to movements and expectations relating to inflation and the cost of living, and the Bank of England's base rate. Our member forums informed us that savers were looking to lock in rates at their peak and desired a variety of savings solutions that would meet their needs over the medium and longer terms.

This feedback resulted in the Society expanding its savings range, with updates to our regular, notice and fixed term products. This included a focus on tax efficient savings via ISA products, with the Society now able to offer savers the opportunity to consolidate balances held elsewhere. As a result, the Society has developed savings solutions to meet these needs with many products in best buy comparison tables.

Chief Executive's report continued

Mortgages

The UK mortgage market was a challenge in 2024, with borrowers concerned over the Bank of England's base rate, house prices and changes arising from a potential new government. With a predominant focus on owner occupied, self-build and buy-to-let mortgages, the Society's growth plans were impacted by these headwinds, requiring a refocus and replan of efforts to positively respond to these market conditions.

Having been awarded self-build "Lender of the Year 2023", the Society remained focused and committed to this important sector of the housing market, exceeding our growth expectations in 2024.

The buy-to-let market has perhaps felt the most pronounced impact of the difficult external market conditions, with increased lending costs and changes to landlord regulation and tax treatments all raising fears and worries across this market. The Society continues to be active in this sector, offering solutions to landlords, including green retrofit mortgages, which are designed to assist with improving property EPC ratings.

Owner occupied lending proved to be more challenging, with homeowners impacted by high interest rates and the cost-of-living crisis. Following feedback from our member and broker communities, we made changes across our product range, further supporting our borrowers. This included the introduction of a mortgage for skilled foreign national professionals, which provided solutions for borrowers frozen out of the UK mortgage market. These changes to our product and criteria set have enabled the Society to achieve growth in gross mortgage assets of 3.0% in 2024. Whilst this is below the planned growth for 2024, the Society finished the year on a positive trajectory which will continue into 2025.

Our focus on existing borrowers has included continuation of support of the UK government's Mortgage Charter, which was introduced in 2023 and saw Hinckley & Rugby as an early adopter of this initiative. As noted in the next section of this report, we have also sought to discuss options with mortgage borrowers who are coming towards the end of their current deals and would experience large increases in interest costs.

Despite these challenges, due to the Society's prudent approach to lending, I am pleased to say that our mortgage arrears have been consistently low throughout 2024, with just 1.15% of the book one month or more in arrears at 30 November 2024.

Member Centricity

As incoming CEO, I have been very clear that our members remain our top priority - in fact we made this one of our four strategic priorities. It is for this reason that we made changes to our organisational design in 2024, merging our savings and mortgage operations teams, and also creating a Chief Customer Officer role that would assume responsibility for mortgages, savings and branch distribution teams.

Alongside these changes, we have introduced a series of forums where colleagues from our customer teams meet regularly with members, brokers and trusted partners to hear their feedback. These have proved both enjoyable and invaluable sessions to engage and understand issues and gather feedback on a first-hand basis. We are excited about how these sessions will develop over the coming months and how we can continue to improve our service and offerings.

Perhaps most obviously visible, the Society updated our branding in 2024. Over our 160-year history the Society has updated its branding seven times, with the most recent being in the 2012. We elected to update our colour palette, moving to more contemporary colours and placing emphasis upon the "&". We are proud to represent Leicestershire & Warwickshire and to offer savings & mortgages. The "&" is what binds us together and it seemed fitting to emphasise this with our new branding. Thank you to all our members who contacted me directly to congratulate the Society on modernising its look and feel. It is always lovely to hear from you and I greatly welcome the feedback and the opportunity to speak with you directly.

These changes not only allow the Society to scale in a cost-efficient manner, but it ensures members have consistent experiences. We are seeing the benefits of these changes already and we expect this to continue further into 2025. We look forward to hearing back from you to tell us your experiences.

Chief Executive's report continued

Consumer Duty

The FCA published guidelines for Consumer Duty in July 2021, with the rules coming into force in July 2023. The Society focused on ensuring the business was correctly organised and structured to ensure good customer outcomes were achieved in all that we do. I am delighted to say that the Society met the regulatory deadlines and requirements in July of 2024. Perhaps most importantly, the Society has embraced the guidance and has used this as an opportunity to continually improve its processes and procedures. This was best exhibited when Cheryl Pidler (Director of Operations) received recognition by winning "Consumer Duty Champion of the Year" from the Consumer Duty Leadership Awards.

People, Learning and Community

Hinckley & Rugby has a strong internal culture which reflects our purpose, our values and our strategic priorities of being a people and member centric organisation. In 2024 our colleagues played a pivotal role in delivering success across a variety of projects and initiatives. I would like to say a huge thank you to all colleagues at the Society, without whom this year would not have been possible. We know there is still work to do and I know you are all focused and motivated in delivering on our aspirations over the next five years.

We place great importance on providing a workplace which allows colleagues to learn, develop and thrive, and it is for this reason that we continue to invest in training and development. It was therefore very pleasing to see a number of colleagues achieving professional qualifications in 2024. Not only do these achievements benefit the Society through their enhanced knowledge and capability, it also personally benefits their longer term career goals. We are proud to be an organisation that invests in our people.

The Society continues to support our local communities through our Community Foundation and through our hospices savings account. Our Community Foundation concentrated on supporting local causes which are focused on mental health and wellbeing, poverty and disadvantage, and the environment. We were fortunate to assist thirteen worthy causes based in and around our local communities. In line with our environmental responsibilities, we once again sponsored the planting of almost 27,000 tree saplings with Hinckley and Bosworth Borough Council.

Efficient and Effective

As mentioned earlier, 2024 has been a year in which we completed large scale and complex projects which will immediately benefit our members and are also important investments in our future.

In particular, the Society completed the delivery of its digitisation programme, which commenced in 2022. This was an ambitious delivery that was completed on time and on budget, which is testament to the skills, capability and working relations that Hinckley & Rugby created with our technology partners.

These new digital capabilities not only increase our technological resilience, but they also enable members to interact and transact with us in new ways. Savers and borrowers can now review their accounts online and at a time and location that suits their needs. Members can move monies between accounts online or send to their external bank account via faster payments without having to physically visit a branch. They can now even send messages to our customer teams who will personally respond and address their queries. These are exciting times for Hinckley & Rugby, but the emphasis is upon complementing existing services rather than replacing them. We remain committed to our branch network but recognise the changing needs of our members. We therefore hope you are as delighted by our new digital capabilities as we are.

Executive Team

As mentioned, the merging of the savings and mortgage teams in 2024 resulted in a business restructure, with two executives, Andrea Belle and Carolyn Thornley-Yates, deciding to step down. As a result, we established a Chief Customer Officer role and welcomed Danny Cranie into this position and to the wider Hinckley & Rugby team.

Following the departure of Niki Barker, we welcomed our new Chief People Officer, Nadia Baker, to the Society. Both Danny and Nadia are fantastic additions to the executive team and I look forward to working with them both in the coming years.

Following the departure of Rebecca Griffin as our Chief Risk Officer, the Society is

Chief Executive's report continued

looking to refocus capabilities and competencies in our Risk and Compliance department. Simon Goodman, a seasoned risk veteran, joined the Society in 2025 to assume the role of Chief Risk Officer, subject to regulatory approval.

My thanks to Andrea, Carolyn, Niki and Rebecca for their support and contributions to the Society and my best wishes for the next steps in their careers.

A look into 2025

We are excited to be celebrating 160 years of Hinckley & Rugby Building Society during 2025, a milestone which coincides with 250 years of the mutual sector. This is especially timely given the Labour government's focus on doubling the size of the mutual sector. Hinckley & Rugby Building Society intends to be at the centre of this and will be organising a series of events with our members across our locations to celebrate our history. Please look out for more information on these and help us by joining in the celebrations.

We continue to execute further on our five-year plan focusing on the strategic priorities discussed above. We are clear that we wish to continue to increase our growth in profits in 2025, which will be achieved by increasing our mortgage balances further, funded from our members savings deposits. We will do this by being an efficient and effective business that puts the member at the centre of everything we do.

We are here to support our members create a better financial future for themselves.

I'd like to thank everyone for their support this year, and I hope to see you all again at our AGM in March 2025 at our Head Office in Hinckley.

Barry Carter
Chief Executive
7 February 2025

Chief Financial Officer's report

"The low level of mortgage arrears cases demonstrates the high quality nature of the Society's mortgage book, particularly given the pressures placed on borrowers during the past 3 years, with increased costs of living and higher mortgage payments caused by increased interest rates."

John Mulvey
Chief Financial Officer

This section of the annual report reviews the current financial position and performance of the Society, and details the key financial indicators monitored by the Board.

Details of the progress made by the Society in the implementation of the Board's strategy are set out in the Chief Executive's report on pages 5 to 8.

Summary financial position

The Society's financial performance during 2024 was below the Board's plan set at the beginning of the financial year, with economic conditions and intense competition in the mortgage market impacting mortgage growth and net interest margin. These factors, partially offset by lower than planned administrative expenses as a result of careful cost control, led to a profit before tax of £1.52m (2023: £1.62m). Prudent levels of liquidity and capital were maintained throughout the year.

A reduced level of mortgage growth was achieved during the year, compared to both the Board's plan and the prior year. The Board continued its niche lending strategy, with increased sales of new self-build lending products, largely offset by a reduction in new buy to let lending. Loans and advances to customers, including the impact of impairment provisions and other accounting adjustments, increased to £700m (2023: £679m), representing growth of 3.0% (2023: 4.8%). The Society's flexible approach to lending has seen strong demand during the year, with the mortgage pipeline for new mortgage applications significantly higher at the end of the financial year than at the beginning. Management's focus is on maintaining this increased mortgage pipeline and retaining existing borrowers where the Society can achieve its target margin.

Savings balances grew during the year to £764m (2023: £718m), an increase of 6.5% (2023: 6.5%), and was achieved through a focus on longer-term notice and fixed rate savings products. The savings growth was used to fund the mortgage growth and repay funding obtained from the Bank of England.

The Bank of England kept interest rates high during the year to control inflation, with bank base rate beginning the year at 5.25% and reducing by 0.25% in each of August and November, to end the financial year at 4.75%. Variable mortgage and savings rates were reduced in response to both rate reductions.

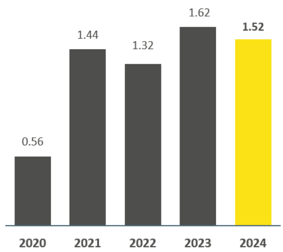
Impairment provisions held against loans and advances to customers increased marginally during the year. The number of individual mortgage cases in arrears by one month or more marginally reduced, and both arrears and forbearance cases remain at relatively low levels at the year-end.

Chief Financial Officer's report continued

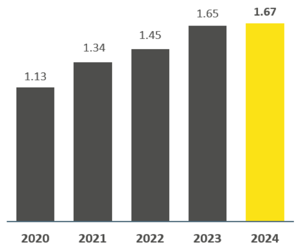
Key financial measures

	2024	2023	2022
Profit before tax (£m)	**1.52**	1.62	1.32
Loans and advances to customers (£m)	**700.0**	679.4	648.2
Retail savings (£m)	**764.3**	717.8	674.2
Liquid assets (£m)	**119.3**	126.1	143.3
Wholesale funding (£m)	**12.4**	46.7	78.6
Gross capital (£m)	**47.2**	46.5	46.2
Total assets (£m)	**832.0**	823.4	812.4
Net interest margin as a percentage of mean total assets	**1.67%**	1.65%	1.45%
Management expenses as a percentage of mean total assets	**1.49%**	1.43%	1.34%
Cost/income ratio	**88.9%**	86.3%	90.3%
Liquid assets as a percentage of shares and borrowings	**15.4%**	16.5%	19.0%
Gross capital as a percentage of shares and borrowings	**6.1%**	6.1%	6.1%
Total capital ratio	**15.7%**	16.0%	16.3%
Balances in arrears as a percentage of gross loans and advances	**1.15%**	1.12%	0.55%

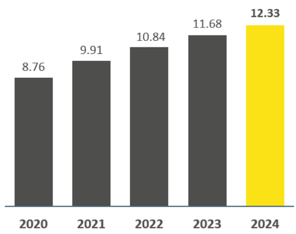
Profit before tax
(£ million)



Net interest margin
(%)



Administrative expenses including depreciation and amortisation
(£ million)



Profit before tax

As a mutually owned business, the Society is not aiming to maximise profit for shareholder gain, but it does need to make sufficient profit to support the capital it maintains for the protection of shareholding members and other depositors, to support asset growth and invest for the future. Profit before tax in 2024 decreased by £0.10m to £1.52m (2023: £1.62m). The key components in the profit performance were:

- Net interest receivable increasing by £0.32m to £13.81m (2023: £13.49m), with the net interest margin earned reaching 1.67% (2023: 1.65%) and growth in loans and advances to customers of 3.0%.

- Net loss on derivative financial instruments held for hedging purposes of £0.01m recognised in the year (2023: £0.14m loss). In common with many financial institutions, the Society uses derivatives (in the form of interest rate swaps) to hedge the risk of interest rate movements impacting adversely the net interest receivable earned on its portfolios of fixed rate mortgage and savings products. Movements in the fair value of these derivatives result in a credit or charge to income and largely represent timing differences recognised over the duration of each derivative contract.

- An impairment charge recognised on loans and advances to customers of £0.01m during the year (2023: £0.22m charge). This impairment charge reflects the impacts of growth in mortgage balances and an increase in the proportion of higher loan-to-value mortgages. These were partially offset by an improvement in the outlook for house prices at the year-end, which increases the estimated proceeds received from the sale of security properties for cases reaching possession.

The above improvements were offset by:

- Administrative expenses, including depreciation and amortisation, increasing by £0.65m to £12.33m (2023: £11.68m) as a result of rising staff costs and IT expenditure, reflecting the costs of improving customer services through investments in new technology, and embedding new regulations, including operational resilience and Consumer Duty requirements.

- Other income reducing by £0.10m to £0.08m (2023: £0.18m) due to a reduction in the net expected return on the pension scheme surplus, following a reduction in the scheme surplus at the end of the last financial year.

Net interest margin

The difference between interest rates earned from mortgages and liquid assets, compared with those paid on savings and wholesale funding, is referred to as the net interest margin (NIM) and is a key measure of the underlying performance of the Society. It is expressed as a percentage of the Society's average total assets.

Factors affecting the Society's NIM include the level of competition within the mortgage and savings markets, the returns achievable on liquid assets, the costs of wholesale funding, and the level of SONIA, a variable rate that governs the interest received and paid on the Society's interest rate swaps that are used to hedge fixed rate mortgages and savings. A higher level of SONIA increases the overall level of interest earned since the Society has a higher notional value of interest rate swaps hedging fixed rate mortgages than those hedging fixed rate savings.

Chief Financial Officer's report continued

Overall, the Society's net interest margin increased to 1.67% (2023: 1.65%) and this was used to partially fund increased operational costs. The growth in margin was largely due to the repayment of higher cost funding from the Bank of England, higher average returns earned on liquid assets, and growth in higher margin mortgage products. These factors, which led to higher interest receivable, were partly offset by the growth in higher paying savings products, increasing interest paid to savers and demonstrating the balance achieved between profitability and value given to members. The Board plans to continue the margin improvement through growth in higher margin mortgage products.

The Bank of England reduced its bank base rate from 5.25% at the beginning of the year by 0.25% in each of August and November 2024. In response to these base rate reductions, the Society's management reduced variable mortgage and savings rates. While the rate reductions are good news for borrower members, saver members will earn less interest on their savings, and the Society will earn a lower rate of return on its own funds, reducing profitability.

Administrative expenses including depreciation and amortisation

The Board is always conscious that higher costs of running the Society restrict the benefits it is able to pass on to its members in the form of better savings and mortgage rates. The Society's level of management expenses expressed as a percentage of average total assets of 1.49% (2023: 1.43%) was, despite increasing, below the average in 2023 for a building society with total assets less than £1 billion.

Overall administrative expenses, including depreciation and amortisation, increased by £0.65m to £12.33m (2023: £11.68m).

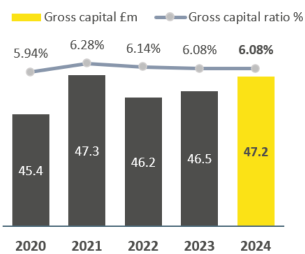
Costs throughout the building society sector have increased significantly in recent years as firms have invested in people and systems to deliver improved customer service commensurate with member expectations, to respond to increasing regulatory requirements, and to improve data management and reporting. During the year, the Society incurred increased staff costs and IT expenditure on such projects, including significant investments in the core banking system to implement a new online savings portal and mobile app for members, and a new online mortgage application portal for brokers. These investment projects are expected to deliver efficiencies as the Society grows. Further investments are planned in the next financial year to improve customer communications and reduce mortgage application processing times.

Capital

Capital is held to provide protection for members' deposits against credit losses arising from lending and other risks to which the Society is exposed. A feature of the Society's risk management framework is the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP assesses the level of capital that the Board considers adequate to mitigate the principal risks and uncertainties to which the Society is exposed, as set out in the Directors' report on page 28 of the accounts. The Society runs regular stress tests to ensure it is adequately capitalised, including a severe economic downturn based on that used by the Bank of England to test the capital adequacy of systemic firms within the UK banking system.

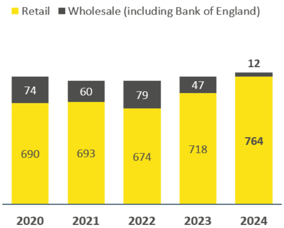
The Society generates capital from profit made by normal business activities. The Society's profit after tax for the financial year of £1.14m (2023: £1.24m) was transferred to general reserves. In addition to the increase due to retained profits, the Society's reserves reduced by £0.41m (2023: £0.98m decrease) due to actuarial losses recognised in the pension

Gross capital ratio (%)
Gross capital (£ million)

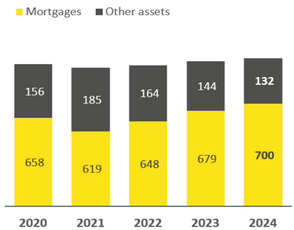


Chief Financial Officer's report continued

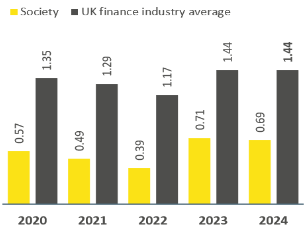
Overall funding including Term Funding Scheme (TFSME) (£ million)



Total assets and mortgage balance (£ million)



Number of borrowers one month or more in arrears (%)



scheme. As a result of this, gross capital at the year-end increased to £47.23m (2023: £46.50m). The Society's gross capital ratio (gross capital expressed as a percentage of total shares and deposits) was 6.08% (2023: 6.08%). The Society's free capital ratio (gross capital and collective provision less tangible fixed assets, intangible fixed assets and investment properties, expressed as a percentage of total shares and deposits) was 5.34% (2023: 5.32%).

At 30 November 2024, the Society's Total Capital Requirement set by the Prudential Regulation Authority was £23.6m (2023: £26.8m), with this all (2023: £22.7m) relating to the Pillar 1 capital requirement and none (2023: £4.1m) relating to the Pillar 2A capital requirement. Regulatory capital held by the Society at 30 November 2024 was £46.3m (2023: £45.3m), representing 15.7% (2023: 16.0%) of total risk weighted exposures and well in excess of the minimum Total Capital Requirement and capital buffer requirements.

The audited disclosures required by Article 89 of the Capital Requirements Directive (Country-by-Country Reporting) are shown in note 31 of the accounts.

Funding

In accordance with its role as a mutual building society, the Society draws the majority of its funding from its members in the form of retail savings. Total retail savings balances (which include member share balances, as well as other retail accounts such as those for business, charities and associations) increased by £46m during 2024 and represented 98% (2023: 94%) of the Society's total funding.

The Society also obtains some funding from the wholesale money markets, and for several years has participated in the Bank of England funding schemes, including the Bank's Term Funding Scheme with special incentives for SMEs (TFSME), that provide medium to long-term funds secured against mortgages and other assets. During the year, the Society repaid £34m of TFSME funding using retail savings, leaving £12.1m (2023: £46.4m) outstanding at the year-end.

The Society had unsecured wholesale funding of £0.3m (2023: £0.3m) outstanding at the year-end.

Liquidity management

The Society undertakes a full review of liquidity adequacy each year, referred to as the Internal Liquidity Adequacy Assessment Process (ILAAP), including an assessment as to the quantity and quality of liquid assets that the Society should hold to mitigate the liquidity risks to which it is exposed under both normal and stressed conditions. The Board approves the ILAAP on an annual basis and this forms a further component of the Society's risk management framework.

The Society's liquid assets of £119.3m (2023: £126.1m) at the year-end represented 15.4% (2023: 16.5%) of shares and borrowings. While the level of liquid assets held has reduced during the year, it remains significantly above the Board's internal assessment of its minimum requirement and its regulatory minimum requirement. Of the liquid assets held, £117.2m (2023: £119.6m) was on overnight deposit at the Bank of England.

The Society, in common with its peers, has access to various Bank of England liquidity facilities. These range from the provision of funding to assist with the management of short-

Chief Financial Officer's report continued

term cashflow imbalances that may arise through day-to-day operations, to rapid access to liquidity in the event of a severe and unexpected cash flow stress.

Loans and advances to customers

Loans and advances to customers at 30 November 2024 were £700m (2023: £679m), representing growth of 3.0% (2023: 4.8%). Gross mortgage assets (before the deduction of impairment provisions and other accounting adjustments) grew by 2.3%.

New mortgages advanced during 2024 amounted to £146m (2023: £144m) and were spread across a range of lending categories, including standard owner occupied, self-build and buy to let lending. Buy to let lending reduced during the year, with new advances of £8m (2023: £22m), due to a general reduction in the market activity for this borrower type.

The Board's objective is to achieve a balanced portfolio of mortgage products across a range of borrower segments that generate an interest margin commensurate with the credit risk involved, while maintaining exposures within agreed limits. After standard owner occupied mortgages, which represented 68% (2023: 69%) of the Society's total mortgage book at the year-end, buy to let mortgages were the next largest segment within the Society's portfolio, representing 23% (2023: 26%).

Credit risk performance

The safety and security of our members' savings has always been of paramount importance. This is embodied in the Society's prudent approach to mortgage lending, resulting in a high-quality mortgage book.

At 30 November 2024, 26 (2023: 28) borrowers were in arrears with their monthly mortgage payments by one month or more, with balances outstanding representing 1.15% (2023: 1.12%) of total gross mortgage balances. The low level of mortgage arrears cases demonstrates the high quality nature of the Society's mortgage book, particularly given the pressures placed on borrowers during the past 3 years, with increased costs of living and higher mortgage payments caused by increased interest rates.

Of the borrowers in arrears, one borrower was in arrears by 12 months or more (2023: one), with a balance outstanding of £0.29m (2023: £0.27m), arrears of £0.07m (2023: £0.05m) and an individual impairment provision held of £0.07m (2023: £0.07m). There were no properties in possession at 30 November 2024 (2023: none).

The Society is a signatory to the Mortgage Charter, an agreement to provide support to owner occupied borrowers during the higher interest rate environment, including a temporary switch to interest-only payments and a term extension to reduce monthly payments. As a result of these measures, the Society has seen a minor increase in the number of customers receiving forbearance, and details of these are set out in note 27(c)(ii) of the accounts.

Details of the judgements and estimations used in the impairment provision calculation are set out in note 2(b) of the accounts. In arriving at the year-end impairment provision, the Board has considered the impact of the economic environment on cases where an impairment event has occurred at the year-end date, whether or not observable within arrears and other data. This includes the impact of continuing higher interest rates on the ability of borrowers to pay their mortgage, and the impact of the housing market on the value of proceeds received and the time taken to sell security properties for cases that are taken into possession. The Board will continue to monitor this situation closely and will adjust the impairment provision as necessary.

John Mulvey
Chief Financial Officer
7 February 2025

Financial Results for the year ended 30 November 2024

Results for the year

	2024 £'000	2023 £'000
Net interest receivable	**13,814**	13,488
Other income and charges	**56**	184
Losses from derivative financial instruments	**(11)**	(141)
Administrative expenses	**(12,326)**	(11,679)
Operating profit before provisions	**1,533**	1,852
Gain/(Losses) on revaluation of investment properties	**3**	(13)
Impairment losses on loans and advances to customers	**(13)**	(220)
Profit for the year before taxation	**1,523**	1,619
Taxation	**(388)**	(381)
Profit for the year	**1,135**	1,238

Financial position at the end of the year

Assets	2024 £'000	2023 £'000
Liquid assets	**119,315**	126,065
Mortgages	**699,966**	679,408
Derivative financial instruments	**5,751**	10,260
Fixed and other assets	**6,983**	7,647
Total assets	**832,015**	823,380
Liabilities		
Shares	**745,057**	698,807
Borrowings	**31,647**	65,770
Derivative financial instruments	**583**	615
Other liabilities	**7,502**	11,689
Reserves	**47,226**	46,499
Total liabilities	**832,015**	823,380

Approved by the Board of Directors on 7 February 2025

Nemone Wynn-Evans Chair
Barry Carter Chief Executive
John Mulvey Chief Financial Officer

Summary of Key Financial Ratios

	2024 %	2023 %
Gross capital as a percentage of shares and borrowings	**6.1**	6.1
Liquid assets as a percentage of shares and borrowings	**15.4**	16.5
Management expenses as a percentage of mean total assets	**1.49**	1.43
Profit for the year as a percentage of mean total assets	**0.14**	0.15

Gross capital as a percentage of shares and borrowings

The gross capital ratio measures the Society's capital as a proportion of its shares and borrowings. Gross capital comprises the general reserve and consists mainly of profit accumulated over many years. Capital provides a financial buffer against any losses which might arise from the Society's activities and therefore protects investors.

Liquid assets as a percentage of shares and borrowings

The liquid assets ratio is a measure of the proportion of the Society's shares and borrowings that are held in the form of cash or are readily realisable into cash. Liquid assets enable the Society to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.

Management expenses as a percentage of mean total assets

The ratio of management expenses as a percentage of mean total assets measures the proportion that administrative expenses, as reported in this document (which include depreciation and amortisation), represents in relation to the average total assets for the year and is widely used to measure administrative efficiency.

Profit for the year as a percentage of mean total assets

The ratio of profit for the year as a percentage of mean total assets measures the proportion that the profit after taxation for the year represents in relation to the average total assets for the year. The ratio is similar to a company's return on assets. The Society needs to generate a reasonable level of profit each year in order to fund the continued development of its business and maintain its capital ratios at a suitable level to protect investors.

Independent Auditor's Statement

to the members and depositors of Hinckley and Rugby Building Society

We have examined the Summary Financial Statement of Hinckley and Rugby Building Society (the "Society") set out on pages 2 to 16.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the Annual Review, 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 Annual Review with Annual Report and Accounts, the Annual Business Statement and the Directors' Report and its conformity with the relevant requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

Basis of opinion

Our examination of the Summary Financial Statement consisted primarily of:

- Agreeing the amounts included in the Summary Financial Statement to the corresponding items within the Annual Report and Accounts, the Annual Business Statement and the Directors' Report of the Society for the year ended 30 November 2024 including consideration of whether, in our opinion, the information in the Summary Financial Statement has been summarised in a manner which is not consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year;
- Checking that the format and content of the Summary Financial Statement is consistent with the requirements of section 76 of the Building Societies Act 1986 and regulations made under it; and
- Considering whether information has been omitted which although not specifically prescribed by section 76 of the Building Societies Act 1986 and regulations made under it, in our opinion, is necessary to ensure consistency with the Annual Report and Accounts, the Annual Business Statement and the Directors' Report of the Society for the year ended 30 November 2024.

We also read the other information contained in the Annual Review 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 describes the basis of our opinion on those Annual Report and 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 Hinckley and Rugby Building Society for the year ended 30 November 2024 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

Use of the statement

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

Forvis Mazars LLP

Chartered Accountants and
Statutory Auditor
30 Old Bailey
London
EC4M 7AU

7 February 2025

Directors' Remuneration report

(Not forming part of the Summary Financial Statement)

This report details the Society's approach to remuneration for the period 1 December 2023 to 30 November 2024. It sets out the Remuneration Policy and remuneration details for the executive and non-executive directors of the Society.

Details of directors' remuneration can be found in note 9 of the accounts and provides, for our members, details of the basic salary, variable pay and benefits earned by directors in the year to 30 November 2024. Details of the Remuneration Policy applied to directors are set out below.

Policy for non-executive directors

Non-executive director fees are reviewed annually by the Chair of the Board and the Chief Executive. This review is based on comparable data from other building societies and similar financial service organisations, and performance reviews. No director or individual is involved in setting their own remuneration. Remuneration comprises a basic fee, with supplementary payments for committee Chairs. Non-executive director fees are not pensionable, and the individuals do not participate in any incentive schemes or receive any other benefits. The remuneration of the Chair of the Board is reviewed on an annual basis by the committee, without the Chair present, again using comparable external data. All non-executive directors have formal contracts of service. All new appointments are subject to a notice period of three months.

Policy for executive directors

The remuneration for executive directors reflects responsibilities and roles within the Society. The overall policy of the Board, as recommended by the committee, is set out below:

- the remuneration of executive directors (consisting of basic salary, performance related bonus, pension arrangements and other benefits) should be competitive with those of other comparable organisations in the financial sector, in order to attract and retain high calibre individuals with the necessary skills and experience for the Society to succeed;
- the Society operates a capped bonus payable against the achievement of both Society and individual objectives. The Society's business objectives are used to measure performance under four key pillars of financial growth, member centricity, people and excellence. These are all underpinned by the Society's risk management, culture and values, to encourage and reward against a broad range of key metrics that are in the long term interests of the Society's members and other stakeholders;
- performance reviews of the executive directors should be carried out at least annually, to assess their performance in meeting individual and business objectives;
- the committee treats any departing executive directors fairly, and is careful to consider the interests of members and ensure that there are no rewards for failure; and
- executive directors are entitled to be paid their basic salary and contractual benefits (including pension contributions) during their notice period. The Society has the discretion to pay these as a lump sum payment in lieu of notice.

The Chief Executive is the Society's highest paid employee, and no employee earns more than any executive director.

Basic salary

The executive directors receive a basic salary, in line with the policy detailed above, which recognises individual development and progression.

Performance related bonus

Along with all employees, the executive directors are eligible for a non-pensionable performance bonus, in line with the policy detailed above. As a mutual organisation, the Society has no share option scheme.

Directors' Remuneration report continued

Pension

Executive directors were eligible to participate in the Society's defined contribution pension plan, which is offered to all employees. The Society makes contributions to the scheme of 14.25% of pensionable salary, with the cost equivalent to 4% of pensionable salary recovered through a salary sacrifice scheme.

- John Mulvey, Chief Financial Officer, opted to receive a cash alternative in lieu of pension contributions equivalent to 9% of basic salary.

The rate of pension contribution from the Society differs between the executive directors and the other employees, in that executive directors on appointment receive the level of contributions for an employee with 10 years' service, which is not in line with the most recent corporate governance guidelines. The contributions paid are benchmarked against other organisations and the committee is satisfied that the total reward is set at a level which allows the Society to attract a high quality employees at all levels.

Other benefits

Each executive director is provided with private medical insurance, group life cover of four times basic annual salary and a healthcare cash plan scheme.

Service contracts

The general policy for appointments at executive director level includes a contractual notice period of six months.

Member consultation

The committee takes into account any feedback given by members. Members are invited to vote on the annual Directors' Remuneration report.

On behalf of the Remuneration committee

Barbara Taeed
Chair of the Committee
7 February 2025

Directors' Emoluments

(Not forming part of the Summary Financial Statement)
For the year ended 30 November 2024

Emoluments of the Society's directors and key management are detailed below:

(a) To independent non-executive directors for services as directors

Aggregate emoluments	**Fees 2024 £'000**	Fees 2023 £'000
Nemone Wynn-Evans	**48**	33
Colin Franklin (retired 26 March 2024)	**18**	53
Tony Alexander (appointed 1 December 2023)	**37**	-
Geneane Bell (retired 28 March 2023)	**-**	10
Lynda Blackwell	**32**	28
John Lowe	**39**	35
Manuela Pifani (appointed 27 March 2024)	**22**	-
Barbara Taeed	**40**	36
Gary Wilkinson (retired 26 March 2024)	**13**	38
David Woodward (retired 28 March 2023)	**-**	13
	249	246

No pension contributions were made in respect of these directors.

(b) To executive directors for services in connection with the management of the Society

2024	**Salary £'000**	**Bonus £'000**	**Contribution to defined contribution pension scheme £'000**	**2024 Total £'000**	2023 Total £'000
Colin Fyfe (resigned 21 January 2024)	**43**	**-**	**-**	**43**	259
Barry Carter	**236**	**14**	**24**	**274**	207
Rebecca Griffin (resigned 14 October 2024)	**216**	**-**	**22**	**238**	159
John Mulvey	**185**	**14**	**-**	**199**	193
	680	**28**	**46**	**754**	818

Salary costs, including any pension allowances, and pension contributions shown are before any adjustments for the payment of employee pension contributions by salary sacrifice.

Environmental, Social and Governance report

(Not forming part of the Summary Financial Statement)

As a responsible mutual organisation, Environmental, Social and Governance ('ESG') is a key part of the Society's business plan. The ESG strategy has continued to develop over the last 12 months and this ensures that all practices leading to the success of the Society consider a broad and rounded contribution to the local and wider environment within which the Society operates.

Environmental

The Board recognises the importance of minimising the Society's environmental footprint and is dedicated to reducing the impact of its operations, from resource consumption to emissions. The Society's efforts extend beyond its own activities, with stakeholders actively engaged across the value chain to promote sustainable practices. This year's report outlines the key initiatives, progress on environmental goals, and how the Society is contributing to a more sustainable future for its members, communities, and the planet. As part of our commitment to environmental responsibility, the Society continues to strengthen its foundations to ensure a robust and impactful approach to long-term sustainability. As part of this, colleague engagement remains a paramount focus with the introduction of the Sustainable Development Goals (SDGs), with the environmental commitment to make cities and human settlements inclusive, safe, resilient and sustainable (SDG 11), and to take urgent action to combat climate change and its impacts (SDG 13).

Green Finance

Following the successful launch of our retrofit mortgage product in 2023, the Society received the award for Best Green Lender at the Financial Reporter Broker's Choice Awards in June 2024. This recognition was based on the Society's innovations in the green lending sector and its commitment to environmentally sustainable practices and initiatives. The green finance product is designed to assist homeowners throughout their journey, from the initial stages to the installation of retrofitting measures. Through the "With You All the Way" approach, the Society address affordability challenges and works with a partner to provide expert guidance, ensuring that customers are fully supported in achieving their home energy efficiency goals. In addition, the Society was named a finalist in the Unlock Net Zero Awards for 'Collaboration of the Year – Innovation and Research' through this initiative and our work within the sector.

Society Carbon Footprint

The Society continues to closely manage its own environmental impact and 2024 marked the first year that the Society was able to monitor its own scope 1 and 2 emissions through a self-built framework. The Society also continued with its commitment to 100% green utility tariffs from its energy provider. 2024 also marks the third year in a row that the Society partnered with Hinckley and Bosworth Borough Council as the proud primary sponsor of the Free Tree Scheme, an initiative geared towards nurturing a greener and more sustainable local environment. By the end of this year, we expect to have helped plant over 150,000 trees in the local communities.

Existing Mortgage Portfolio

Alongside offering Green Finance products and services, the Society aims to inspire customers to take the first steps toward creating more energy-efficient homes. The mortgage portfolio is regularly reviewed to identify both physical and transitional opportunities. The Society acknowledges the importance of understanding climate-related risks impacting our members, including flooding, subsidence, and energy efficiency. This understanding enables us to address these issues and partner with members to enhance the environmental aspects of the mortgage portfolio.

Reporting

The Society has measured its Scope 1 and 2 emissions, relating to those arising from owned vehicles and electricity and gas usage, for our head office and branch network. For 2024 these emissions totalled 87 carbon dioxide equivalent (CO2e) tonnes (2023: 97 CO2e tonnes). The carbon footprint measurements have been calculated in accordance with best practice guidance issued by the Greenhouse Gas Protocol using conversion factors for CO2e published by the Department for Business, Energy & Industrial Strategy (BEIS).

Social

Under the ESG framework, the Society focuses on the key areas of Community Engagement, Colleague Engagement, Health, Wellbeing & Welfare, and Equality, Diversity & Inclusion to support a strong social impact.

Community Engagement and Charitable Activities

The Society has a long history of supporting its local communities and is something its employees take immense pride in. Staff are encouraged to volunteer up to three paid days per year, and the Society has continued its partnership with Leicestershire Cares supporting on education projects and community work. The Board believes in providing valuable financial education in schools to support children and young adults to better understand financial best practices and to develop skills that will help them achieve a sustainable financial future. Support was also provided this year to smaller local charities through our community sponsorship scheme and a further six charities through our Community Foundation scheme. The Board recognises the importance of ensuring that branches remain available and accessible to members, and that advice and support is readily available on the high street.

Colleague Engagement

The Board believes that the first step in hiring and retaining the best talent is to create a culture of openness and honesty. We are proud that we can give our employees an important voice to shape the organisation. This was achieved through regular employee engagement surveys, workshops and all staff communications. All employees are offered an attractive remuneration package, including benchmarked salary, a Society pension scheme, private health cash plans, a holiday purchase scheme and a day off on their birthday, and benefit from the Society's commitment to be an above living wage employer. The Society has supported colleagues in dedicating over 700 days to their learning and development this year.

The Society has continued its partnership with Best Companies to capture its employees' views and opinions. We take our employee feedback seriously, using this to shape our people strategy and ensure consistent two-way communication with our employees about their feedback.

Health, Wellbeing & Welfare

The Board prides itself on maintaining a safe and supportive environment for all. For our employees, we have focused on mental health and wellbeing support, improving access to wellbeing resources as part of our overall benefits scheme. Beyond the benefits scheme, additional resources include a wellbeing portal relating to physical and mental health.

The Society was very proud to have one of its Mental Health Champions shortlisted for the Equity, Diversity, and Inclusion category at the Women's Recognition Awards for their role in championing mental health and well-being in their workplace.

Equality, Diversity and Inclusion (ED&I)

The Board believes that the workplace should be a great place to work for everyone and as such values diversity in all its forms, irrespective of gender, age, ethnicity and cultural background. We recognise that Equality, Diversity and Inclusion practices are essential to its success. This is reflected in our approach to developing our people and in our recruitment policies. All workplace practices protect and maintain a culture of equality and fairness, ensuring the workplace is free from discrimination and harassment.

The Society has responded proactively to the FCA's ongoing focus on non-financial misconduct and is committed to providing an inclusive and safe workplace for its people.

Governance

The Board's Corporate Governance report is set out on page 15 of the accounts.

The Board recognises that good governance is essential to delivering long-term sustainable success for all stakeholders. This includes a sound approach to corporate governance that adheres to all applicable laws, rules and regulations, as well as upholding the Society's values. The Society's practices aim to deliver the strategy in a risk-aware and well-governed manner, providing assurance and confidence to its stakeholders and regulators.

(Not forming part of the Summary Financial Statement)

The Society operates a tiered governance structure ensuring strategic oversight and monitoring throughout all areas. Each committee has established and agreed terms of reference detailing its duties and responsibilities. To ensure continued improvement, each committee undertakes a self-assessed effectiveness review against its terms of reference and evaluates how the committee operated. In line with the UK Corporate Governance Code recommendations, the Board considers an external evaluation every three years. The Society recognises the importance of sound corporate governance practices to ensure its success, and as such aligns its policies with recognised standards and codes, including the UK Corporate Governance Code and the FRC Guidance on Board Effectiveness.

Board Diversity

The Society seeks to ensure that a diverse Board leads and directs the delivery of the strategy. Board diversity is assessed and sought out through the analysis of the Board skills matrix and by evaluating strategic requirements. Examples of Board diversity considerations are skills, experience, behaviours, gender, ethnicity, age and sector knowledge. Recruitment practices for new Board members consider a wide pool of talent to ensure the Board remains diverse and independent. The chair, appointed in March 2024, was elected from the existing Board members. Additionally, the recent appointment of Barry Carter as CEO was also made from within the existing Board.

Two non-executive directors retired in 2024 in addition to the departure of two executive directors. The Nominations and Governance Committee effectively oversaw the succession planning process throughout 2024, supported by Miles Advisory in the non-executive recruitment and Warren & Partners in the Chief Executive recruitment. In both searches a diverse group of candidates was received, and we look forward to integrating the skills and experience of our new directors into the Society.

Following the Board changes, the gender composition of the Board has achieved equal male and female representation and has been led since April 2024 by the Society's first female Chair.

Member Engagement

The Board actively seeks member feedback and opinion to ensure the successful delivery of member needs and requirements. A member panel has been established to meet with our members and discuss key challenges and opportunities for the future. The Board of directors attend the Annual General Meeting and are on hand to answer questions and to outline how the Society has delivered the best possible service for its members.

Executive Remuneration

The Remuneration Committee provides oversight and challenge for all Society remuneration practices. The Society endeavours to ensure that a fair and transparent framework is in place for all remuneration decisions. The Society's Remuneration Policy clearly outlines Society practices, thresholds and controls.

Corporate Behaviours and Business Ethics

All directors and employees uphold the Society values and conduct themselves with integrity and honesty. The Board operates under its Code of Conduct and ensures that all working practices are fair and transparent. The Board provides oversight and approval of key strategic policies and documentation and ensures that all working practices protect against discrimination and harassment.

Conduct Policies and Practices

All Society conduct policies and practices aim to ensure that all our employees uphold the highest moral standards and conduct principles, and demonstrate our values in everything that we do. The Board provides oversight and approval for key strategic policies, including the Conduct Risk, Conflicts of Interest, Remuneration and People policies. The Board Chair is the Whistleblowing Champion and ensures that there is always a confidential, trusted channel for whistleblowing communications. The Board receives an annual report from the Company Secretary on all whistleblowing, conflicts of interest and health and safety matters.

The Financial Conduct Authority's regulation on Consumer Duty was introduced in 2023, and one of our independent non-executive directors, Lynda Blackwell, has been the Board Consumer Duty champion, providing challenges to how the Society has adopted the Consumer Duty principles.

Notice of Annual General Meeting

Notice is given that the one hundred and fifty ninth Annual General Meeting of the members of Hinckley & Rugby Building Society will be held on 25 March 2025 at 6.00pm for the following purposes:

Ordinary Resolutions

1. To receive the Directors' Report, Annual Accounts and Annual Business Statement and the Auditor's Report for the year ended 30 November 2024.

2. To reappoint Forvis Mazars LLP to hold office as auditor of the Society until the conclusion of the next Annual General Meeting.

3. To approve the Directors' Remuneration Report for the year ended 30 November 2024.

4. To vote on the re-election of directors:

    a. To re-elect Nemone Wynn-Evans
    b. To re-elect Barry Carter
    c. To re-elect Tony Alexander
    d. To re-elect Lynda Blackwell
    e. To re-elect John Lowe
    f. To re-elect John Mulvey
    g. To re-elect Manuela Pifani
    h. To re-elect Barbara Taeed

By Order of the Board

Grace Tavener
Secretary
7 February 2025

Notes

1. **These notes form part of the Notice of Meeting.**

2. **Meeting location:** Hinckley and Rugby Building Society, Principal Office, Upper Bond Street, Hinckley, LE10 1NZ. The meeting will start at 6.00pm.

3. **Auditors' reappointment:** Copies of information relevant to the reappointment of Forvis Mazars LLP can be obtained from the Principal Office.

4. **The Report and Accounts:** Copies of the Report & Accounts can be obtained from the Principal Office and the Branches.

5. **Voting:** Members can vote by post, online, in branch or at the meeting. The deadline for postal and online voting is midnight on Saturday 22 March 2025. The deadline for voting in branch is 2pm on Monday 17 March 2025. A member entitled to attend the Meeting and vote may appoint the Chairman of the Meeting to attend and vote for them. All voting instructions are outlined on the Proxy Voting Form.

6. To qualify to vote:

Shareholding members

a. To qualify as a shareholding member, you must:

   i. if you are an individual, be at least 18 years old on 25 March 2025, and
   ii. have held shares to the value of not less than £100 in the Society on 30 November 2024, and
   iii. not have ceased to hold a share or shares in the Society at any time between 30 November 2024 and the voting date, and
   iv. hold a share or shares in the Society on the voting date.

b. Where the shares are held jointly by two or more persons, only the first named in the records of the Society in respect of those shares can have any voting rights.

Borrowing members

a. To qualify as a borrowing member, you must:

   i. be at least 18 years old on 25 March 2025, and
   ii. have owed the Society not less than £100 in respect of a mortgage debt on 30 November 2024, and
   iii. owe the Society not less than £100 in respect of a mortgage debt on the voting date.

b. Where a mortgage debt is owed jointly by two or more persons, only the first named in the records of the Society in respect of that mortgage can have any voting rights.

7. Number of votes: 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.

Directors Standing for re-election

Nemone Wynn-Evans
Chair

Nemone joined the Society as a non-executive director in March 2017. She is the Chair of the Board, the Chair of the Nominations and Governance Committee and a member of the Remuneration Committee.

Her background is in the equity capital markets sector of the City of London, including as a former Finance Director on the main board of a stock exchange, having begun her career in corporate finance and broking.

She also holds other non-executive positions, at a renewable energy company (where she chairs the Audit & Risk Committee), at a Venture Capital Trust investing in small, growing companies, and at an investment management and stockbroking firm.

Nemone lives in Warwickshire, is a Fellow of the Chartered Institute of Securities and Investment and holds an MBA from Cranfield School of Management.

Barry Carter
Chief Executive Officer

Barry joined the Society in July 2022 as Chief Operating Officer and was appointed Chief Executive Office in January 2024. He has 20 years of experience in private and retail banking and previously held a position as Chief Operating Officer at HSBC Private Bank. Barry is a Chartered Certified Accountant, Chartered Banker and is a Member of the Chartered Institute for Securities and Investments.

Tony Alexander
Non-Executive Director

Tony joined the Society as a non-executive director in December 2023. He is the Chair of the Risk Committee and a member of the Audit and Compliance Committee.

He qualified as a Chartered Accountant at Grant Thornton, Coventry. He spent 30 years of his career at Nationwide Building Society in a variety of senior Finance, Risk, Audit and Business roles.

Tony is also a trustee for the charity Homeless Oxfordshire that provides accommodation and support for homeless people.

Lynda Blackwell
Non-Executive Director

Lynda joined the Society as a non-executive director in March 2023. She is a member of both the Risk Committee and the Nominations and Governance Committee, and is the Society's Consumer Duty Champion.

After qualifying as a solicitor, Lynda began a career in the mortgage sector that has spanned more than 35 years. She started in private practice advising retail banks, then moved into the building society sector, before spending 16 years at the financial services regulator, the FCA, in a variety of legal and policy-related roles.

For the last six and a half years, Lynda has been a consultant and non-executive director for fintech businesses, using her extensive regulatory experience and knowledge of the financial services industry to support good innovation and best practice, staying closely involved in the continuing evolution of the market.

Directors Standing for re-election continued

John Lowe
Non-Executive Director

John joined the Society in December 2022 as a non-executive director. He is the Chair of the Audit and Compliance Committee and a member of the Risk Committee.

Along with over 25 years' experience of working in financial services, John also brings a wealth of experience as a Board director. After qualifying as a Chartered Accountant with Deloitte, John worked for retail banks, specialist lenders and within the building society sector. He spent 10 years at Coventry Building Society in roles including Head of Credit Risk, Head of Product Development and seven years as the Group Finance Director.

He is currently a non-executive director at Redwood Bank and Chair at Primis, the mortgage and protection insurance intermediary network.

John Mulvey
Chief Financial Officer

John joined the Society in March 2020 as Chief Financial Officer. He has over 20 years of experience in the financial services sector, having previously worked for Melton Mowbray Building Society, where he was the Deputy Chief Executive and Finance Director for 10 years. He is a chartered accountant, having trained and qualified at KPMG, working within their financial services team auditing banks and building societies.

His role at Hinckley & Rugby involves leading the finance and treasury functions, with responsibility for financial and regulatory reporting, and managing the Society's liquidity, funding and capital positions. He chairs the Assets and Liabilities Committee.

Manuela Pifani
Non-Executive Director

Manuela joined the Society as a non-executive director in March 2024. She is a member of both the Audit and Compliance Committee and the Remuneration Committee.

After qualifying as an Associate of the UK Chartered Institute of Bankers, Manuela began a career focused on customer experience and transformation that has spanned more than 25 years. She started in the financial services sector, leading Customer Experience functions in Barclays, RBS/Natwest and Direct Line Group, before moving into the retail sector with Kingfisher and ASDA.

For six years, Manuela has been a consultant and thought-leader, using her extensive experience and knowledge of the continuously evolving consumer market to help organisations across sectors improve their services and propositions to increase customer satisfaction and loyalty. She also volunteers as a member of the Board of directors for the not-for-profit Customer Institute.

Barbara Taeed
Non-Executive Director

Barbara joined the Society as a non-executive director in March 2017. She is currently the Chair of the Remuneration Committee, a member of the Risk Committee and is the Society's Senior Independent Director.

She is a qualified Risk Manager and in addition to her role at HRBS leads an academic Think Tank which specialises in the measurement and transaction of non-financial values and the use of new technology to enhance this, including artificial intelligence, web3 and digital currencies.

Prior to joining HRBS, Barbara worked at the heart of the UK's banking infrastructure at the not-for-profit UK Payments as Director of Payments Integrity and Security.

Principal Office
Upper Bond Street, Hinckley, Leicestershire LE10 1NZ
enquiry@hrbs.co.uk

Established 1865
hrbs.co.uk | 0800 434 6343