



Summary Annual Report 2019

Including the Summary Financial Statement

Summary Financial Statement

This financial statement is a summary of information in the audited annual accounts, the directors' report and annual business statement, all of which will be available to members and depositors free of charge on demand at every office of Tipton & Coseley Building Society from 23 March 2020.

Summary Directors' Report

The Economy and Market Place

The delay to the UK's departure from the European Union (EU) during 2019 caused the UK economy to slow as individuals and businesses delayed investment and waited to see the eventual outcome of Brexit. Following the UK's withdrawal from the EU at the end of January it will be important for the next phase of Brexit, the negotiation of a trade deal with the EU, to run smoothly to restore a level of confidence for individuals and businesses to take a longer-term view.

Unemployment has remained at historical lows during the year which has led to a period of positive real wage growth. This has not fed through to the housing market though where activity has remained flat with annual transaction levels at slightly under 1.2m, the lowest since 2013, and the Nationwide House Price Index reporting a year on year increase of just 1.4% at December 2019.

With future economic growth prospects appearing subdued, both in the UK and globally, there is an expectation that the Bank of England 'Base Rate' will continue to remain low for some time.

Against this background, competition in the mortgage and savings markets has intensified as newly formed ring-fenced banks and new entrants focus on delivering increased volumes at very competitive rates. This has had the effect of suppressing mortgage rates and impacting savers, some of whom will have seen their rates reduce, despite no change in base rate.

Our Performance

We have continued to build on the momentum from 2018 in delivering our overall strategic objectives for the benefit of members. It is this focus combined with great personal service that has resulted in the delivery of a strong set of financial results for 2019. This includes another record-breaking year of gross mortgage lending of £88m and attracting £22m of new savings balances.

One of our key strategic objectives is continuing investment in our systems and processes to ensure we are successfully positioned to adapt to the increasing pace of change in the marketplace. When coupled with a number of one-off costs this has led to a reduction in reported profit. Your Board continues to assess and monitor our current and prospective levels of profitability and is satisfied that they are sufficient to maintain our capital strength and deliver our strategy for the benefit of members.

We have also continued to invest in our people and further strengthened our second line risk and compliance function with the recruitment of a Director of Risk & Compliance and a Head of Compliance during the year.

We remain acutely conscious of the need to balance the conflicting needs of savers and borrowers. Given our size and scale differences to the high street names we are naturally a market follower. Consequently, as a result of current market conditions and with other banks and building societies reducing savings rates, in December we reluctantly notified savings members of modest rate reductions in response to these competitive pressures. We are not able to go against market trends or to continually offer market leading rates as this would ultimately impact existing members. Nevertheless, we keep our range of saving products under continuous review and aim to launch products that offer sustainable good value to members.

Mortgages

We have achieved record gross mortgage lending for the second year running with gross advances of £87.7m (2018: £84.6m). This has resulted in mortgage book growth of 7.5%. Over the last two years we have focussed on differentiating our underwriting approach from the main high street lenders with a more tailored and personalised approach. Our underwriters fully assess each mortgage application on its own merit (we do not operate automated credit scoring) which ensures that each customer's unique circumstances and affordability requirements are considered from the outset.

We are committed to providing mortgage products to customers at all stages of life as demonstrated by our diverse product offering. This includes products for First Time Buyers with or without family assistance, products for older borrowers with our Later Life lending range which includes Retirement Interest Only (RIO) mortgages, products for those who aspire to build their own home, and products for second homes and Buy-to-Let. Our diverse product range ensures that we do not become over exposed to any one area of the market and are well positioned to overcome further competitive pressures.

Summary Financial Statement

It is pleasing to report that performance of our mortgage book remains strong, this reflects our robust underwriting processes and the combined effect of the low interest rate environment and historical house price inflation. The average loan to value (LTV) of the mortgage book is 47.1% (2018: 47.8%). Arrears have remained at historically low levels and at the year-end there were no mortgages 12 months or more in arrears (2018: none).

Savings

Retail savings continue to be the cornerstone of our funding strategy. Our savings balances grew by £21.7m to £334m (2018: £313m) in the year driven by a range of competitive fixed rate retail bonds and the launch of new regular savings and community based products. The community products not only offer members an attractive rate of interest but also deliver a percentage of the average balance back to the local community through a donation to the Society's charitable foundation each year. The success in attracting new funding during the year demonstrates our continued commitment to offering products that deliver value to members and across our range of accounts we consider our current interest rates to be comparable to equivalent account types in the market place.

Profitability and Capital

As we have no external shareholders, we are not required to maximise profits. We must generate sufficient profits to maintain a strong capital position and to allow continued investment in the Society in line with our strategic plans. Profit before tax reduced in the year to £1.4m (2018: £1.7m) primarily as a result of increased investment spend and a number of one-off costs which are not expected to recur. The increase in net interest income of £0.4m to £7m was offset by a combination of lower other income of £0.1m and increased expenditure of £0.7m.

The profit after tax ratio at 0.29% (2018: 0.37%) remained sufficient to increase our capital reserves to over £40m and our Tier 1 capital ratio remains strong at 29.3%. Our reserves form the majority of our capital and arise from our retained profit. For most smaller building societies this is the only realistic source of capital. At the end of 2019 after transferring £1.1m to general reserves our gross capital (total reserves) increased to £40.9m, 11.50% (2018: 12.06%) of shares and borrowings, and free capital (aggregate of gross capital and collective loss provisions less total fixed assets) to £40.2m, 11.31% (2018: 11.92%) of shares and borrowings.

Net Interest Margin

Our objective is to optimise our net interest margin so that we balance the requirements to offer attractive rates to both savers and borrowers. Our net interest margin has increased slightly from 1.79% to 1.81% driven by growth in our lending to underserved areas of the market such as self-build and Ex-pat Buy-to-Let mortgages. We expect continued pressure on interest margins as a result of the intense competition in the lending market and through more mainstream lenders entering the traditional building society sectors of the market and consequently pushing down lending yields.

Management Expenses

Management expenses have increased by £0.7m to £5.7m in 2019 and reflects our continued investment in people, processes and technology along with a number of one-off costs. This ongoing investment will ensure we have long-term capability, particularly in digital channels, to deliver sustainable balance sheet growth whilst remaining operationally resilient and improving customer access to our products. We are also continuing to maintain and strengthen our defences against cyber security risk. Cost control remains an important focus, as we continue to invest in these areas and to keep abreast of new and changing market and regulatory conditions.

Total Assets

Overall balance sheet growth was 7.3%, with total assets increasing to £397.9m (2018: £370.7m). This was primarily driven by mortgage book growth, as noted earlier, and through an increase in liquidity.

Liquid Assets

We maintain a prudent level of liquid assets with 'on-balance sheet' liquidity in the form of cash in hand and deposits with credit institutions and 'off-balance sheet' contingent liquidity in the form of mortgage collateral pre-positioned with the Bank of England.

Liquidity comfortably exceeded the minimum regulatory requirements, with the Liquidity Coverage Ratio (LCR) at 31 December 2019 being 272% (2018: 345%) and the liquid assets ratio at 20.54% (2018: 20.72%). When the off-balance sheet liquidity is taken into account, the total liquid resources available to the Society at the year-end was 26.1% (2018: 25.2%) of shares and borrowings.

Summary Financial Statement

Summary Review of Events

The mortgage market remains intensely competitive with many lenders continuing to reduce rates in order to attract volume. Our approach concentrates on those areas of the market that are underserved by the main high street players. This has allowed us to focus on the individual needs of customers, with tailored and personal underwriting rather than just on price.

During the year there have been several changes to the Board as it continues to evolve as part of its succession plan. Gavin Loynes retired in May after providing long and committed service to the Society. The Board would like to express its thanks for his significant contributions during his tenure. As reported last year, Conrad Almond joined the Board in February 2019 as a Non-Executive Director following an extensive career in prudential risk and capital management. In addition, the Board were delighted to appoint Sally Morgan in April 2019 as Operations Director, she had previously held the role of Director of Operations within the Society. We also welcomed Belinda Moore to the Board in February 2020 as a Non-Executive Director, she brings with her a wealth of experience in Marketing and Communications.

Supporting and engaging with our local community is one of our core principles. During the year we donated £10,610 all of which went to our charitable foundation which in turn made or promised donations to 23 local charitable causes.

Members and staff helped us exceed our fundraising target for the Midlands Air Ambulance Charity raising over £9,500, this is a fabulous cause which receives no Government or National Lottery funding. Staff support included various fundraising events including a sponsored abseil, a sponsored 10k walk and dress down days. Staff also donated an amazing 32 bags of food to The Well Food Bank, Wolverhampton during December. For 2020 we have decided to continue our support of the Midlands Air Ambulance Charity including the launch of a new affinity savings account which at the end of each year will donate a percentage of the average balance held to the Charity.

Outlook

The economic outlook continues to remain uncertain. Whilst we have left the EU, the UK is now in a transition phase and the arguably more difficult negotiations will shortly begin around the UK's future trading relationship with the EU. It remains to be seen what impact this will have on the housing market and wider UK economy. Whatever the outcome we are confident that the Society is well positioned to withstand the impact of these matters.

This year will see us continuing to build on the strong performances of 2018 and 2019. During 2020 we will continue to invest in the development of digital offerings to ensure members are better able to transact with us in a way and at a time that is more convenient for them in the future.

Above all, we are committed to remaining an independent mutual building society, treating our members as individuals and providing them with a great personal service.

Our Staff

On behalf of the Board, I would like to thank our staff for the vital part they play in our continuing success. They are the key element in the quality of what we do and the great service that members receive.

Approved by the Board on 5 March 2020.

A J Higgins	Chairman
R J Newton	Chief Executive
A J Lumbly	Finance Director

Summary Financial Statement

for the year ended 31 December 2019

	2019	2018
	£'000	£'000
Results for the Year		
Net interest receivable	6,965	6,592
Other income and charges	27	106
Fair value gains	2	4
Administrative expenses	(5,733)	(5,077)
Provisions for bad and doubtful debts	171	98
Provisions for other liabilities	(60)	(50)
Profit Before Tax	1,372	1,673
Taxation	(265)	(325)
Profit for the year	1,107	1,348
Financial position at end of Year		
Assets		
Liquid assets	72,984	68,315
Derivative financial instruments	60	56
Mortgages	322,390	299,941
Fixed and other assets	2,430	2,402
Total assets	397,864	370,714
Liabilities		
Shares	334,301	312,610
Borrowings	21,107	17,106
Derivative financial instruments	682	121
Other liabilities	888	1,037
Provisions	22	83
Reserves	40,864	39,757
Total liabilities	397,864	370,714
Summary of Key Financial Ratios		
	%	%
Gross capital as a percentage of shares and borrowings	11.50	12.06
Liquid assets as a percentage of shares and borrowings	20.54	20.72
Profit for the year as a percentage of mean total assets	0.29	0.37
Management expenses as a percentage of mean total assets	1.49	1.38

Explanation of Key Financial Ratios

Gross capital as a percentage of shares and borrowings - gross capital consists of profits accumulated over many years in the form of reserves. It provides a financial cushion against any difficulties which may arise from the Society's activities and, therefore, protects investors. Our strong level of capital, together with the prudent nature in which the Society is managed ensures that the Society's intention to provide a safe and secure home for members' savings is fulfilled.

Liquid assets as a percentage of shares and borrowings - measures the proportion of the Society's assets that are held in the form of cash, short term deposits and government securities in relation to shares and borrowings. As liquid assets are by their nature readily realisable, this ensures that the Society is able to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.

Profit for the year as a percentage of mean total assets - measures the proportion of profit after taxation for the year in relation to the average balance of total assets during the year. The Society needs to make a reasonable level of profit each year in order to maintain the capital ratio at a suitable level to protect investors.

Management expenses as a percentage of mean total assets - measures the proportion of administrative expenses as detailed in this document (which includes depreciation and amortisation) in relation to the average balance of total assets during the year. Expenses need to be controlled so that the Society operates as efficiently as possible while providing the service that members require.

Independent auditor's statement to the members and depositors of Tipton and Coseley Building Society

Opinion

We have examined the summary financial statement of Tipton and Coseley Building Society ('the Society') for the year ended 31 December 2019 which comprises the Results for the year, the Financial Position at end of the year, together with the summary directors' report and annual business statement.

On the basis of the work performed, as described below, in our opinion the summary financial statement is consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year ended 31 December 2019 and conforms with the applicable requirements of section 76 of the Building Societies Act 1986 and regulations made under it.

Basis for Opinion

Our examination of the summary financial statement consisted primarily of:

- Agreeing the amounts and disclosures included in the summary financial statement to the corresponding items within the full annual accounts, Annual Business Statement and Directors' Report of the Society for the year ended 31 December 2019, 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 that 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, in our opinion, information has been omitted which although not required to be included under the relevant requirements of section 76 of the Building Societies Act 1986 and regulations made under it, is nevertheless necessary to include to ensure consistency with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year ended 31 December 2019.

We also read the other information contained in the 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 full annual accounts describes the basis of our opinions on those annual accounts, the Annual Business Statement and Directors' Report.

Directors' Responsibilities

The directors are responsible for preparing the summary financial statement within the Summary Financial Statement, in accordance with applicable United Kingdom law.

Auditor's Responsibilities

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

The purpose of our work and to whom we owe our responsibilities

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

Matthew Hopkins (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

5 March 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Board of Directors



Conrad Almond

Non-Executive Director

Conrad was appointed to the Board in 2019. He has had a career in prudential risk matters having worked full time for NatWest and then RBS for nearly 30 years in prudential risk and capital management roles, and more latterly in a consultancy capacity for HSBC and Co-operative Bank. He is currently a Trustee of Age Concern, St Albans. He is a member of the Audit & Compliance and Risk Committees.



Myron Hrycyk

Non-Executive Director

Myron was appointed to the Board in 2017. He has an MBA from Birmingham University, is a chartered member of the British Computer Society and has sat on the Midlands CBI Council. During his career he has been Group Chief Information Officer (CIO) and Digital Director at Severn Trent plc, IT Director at Unipart Advanced Logistics and he is currently a Cabinet Office Crown Representative working with the UK Government's strategic digital technology suppliers. He is Chairman of the Remuneration Committee and a member of Audit & Compliance and Risk Committees.



Andrew Lumby

Finance Director

Andrew was appointed to the Board as Finance Director upon joining the Society in 2018. He is a Chartered Accountant, qualifying in 2002 whilst working at PwC. Prior to joining the Society Andrew gained 14 years' experience at a large regional building society, most recently as a member of the Senior Leadership Team where he was responsible for the Finance, Treasury Risk and Credit Risk teams.



Richard Newton

Chief Executive

Richard joined the Society in 1991 as an administrative assistant. Following his appointment as Finance Manager he qualified as a Chartered Certified Accountant in 2001. He was appointed to the Board in July 2011 and is a former Finance Director of the Society. He was appointed Chief Executive in December 2013 and is a member of the Nominations Committee.



Keith Rolfe

Vice Chairman and Senior Independent Director

Keith was appointed to the Board in 2015. He has extensive risk management experience gained from front line risk roles in leading global financial institutions, latterly in an executive role within Barclays Corporate as Chief Credit Officer. He has also worked for UBS AG and Credit Suisse in Risk Management roles. Until January 2019 he was a Board Member and Vice Chairman of Rooftop Housing Group. He is Chairman of the Risk Committee and a member of the Nominations Committee.



Sally Veitch

Non-Executive Director

Sally was appointed to the Board in 2018. She is a Chartered Accountant, qualifying in 1997 whilst working for Coopers & Lybrand. She is a Non-Executive Director/Chair of Audit at Redwood Bank; and formerly Chair of Audit and a Member of the Risk Committee at an East Midlands Building Society, and Chair of Audit with Amicus Finance. In her executive career, she was a senior executive at Home Retail Group PLC, as the Finance Director for their Financial Services business. She is Chair of the Audit & Compliance Committee and a member of the Risk and Remuneration Committees.

Board of Directors

Directors Eligible for Re-election

Your Board carefully considers the skills and attributes required of Directors to ensure that the Society remains a strong and successful building society responsive to the needs of members. A formal appraisal of each director is undertaken each year especially with regard to their independence. In light of this and the positive appraisals of the other Directors your Board recommends that you vote for directors standing for re-election.



Andrew Higgins

Chairman

Andrew was appointed to the Board in 2012 and appointed Chairman in 2018. He is also Chairman of the Nominations Committee. He is a chartered accountant with a background in audit and advisory services, with a career spanning 33 years in the UK and overseas. Andrew is currently also a non-executive director of an acute NHS Foundation trust, where he chairs the Finance and Performance Committee and is a member of the Audit Committee.

Directors Standing for Election

Your Board carefully considers the skills and attributes required of new Directors. A rigorous recruitment process for each position is undertaken. In light of this your Board recommends that you vote for these directors standing for election.



Belinda Moore

Non-Executive Director

Belinda was appointed to the Board in February 2020. She has extensive experience across a wide spectrum of marketing disciplines gained from a career of over 30 years in the UK and overseas. She is currently Director of Marketing and Communications at E.ON UK with previous senior roles including Group Marketing & Communications Director at Care UK and Group Marketing Director at BMI Healthcare. She is a member of the Audit & Compliance and Remuneration Committees.



Sally Morgan

Operations Director

Sally was appointed to the Board in April 2019. She has 34 years' experience with 25 years in senior management roles with P&L responsibility including top 30 and top 5 at Nationwide and Coventry Building Societies respectively. Prior to joining the Society, she worked in Operations Director interim roles for Consumer Finance, Insurance and Mortgage Servicing Companies. She holds an MBA from Warwick and is a Chartered Banker.

Report of the Remuneration Committee

The Society has regard for the principles in the UK Corporate Governance Code (July 2018) relating to remuneration, as applicable to a mutual organisation of its size, and it has a Remuneration Policy which complies with the relevant elements of the regulators' remuneration codes. The remuneration of individual Directors is detailed on page 11.

2019 performance and awards

The Summary Directors Report on pages 2 to 5 describes 2019 as a year of continued strategic progress in a very competitive and uncertain economic climate. The year has seen positive trading performance with an increase in total assets to £398m, mortgage assets to £322m, and retail savings balances to £334m. It is in this context that the performance related pay awards have been made to Executive Directors as detailed in this report.

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

Board Comment: The Remuneration Committee ('Committee') consists of three Non-Executive Directors, Myron Hrycyk, appointed Chairperson on 29 August 2019 and a member of the Committee for at least 12 months prior to this appointment, Belinda Moore and Sally Veitch. The Chief Executive attends by invitation but takes no part in the discussion of his own salary. The Committee is responsible for the remuneration policy for all employees, has regard for alignment of this with wider organisational culture and makes independent recommendations to the Board regarding remuneration, incentive schemes and contractual arrangements. The Committee has responsibility for ensuring that the Society complies with the relevant aspects of the regulators' remuneration codes and considers the Remuneration Policy Statement and recommends its approval to the Board.

Executive Directors

The remuneration for Executive Directors reflects their responsibilities, expertise, experience and overall contribution to the successful performance of the Society. Their benefits package is designed to motivate decision making in the interests of members as a whole and is aligned to delivery of corporate strategy. This year the overall package comprised basic salary, a performance related pay scheme, and other benefits. Performance related payments are non-contractual and non-pensionable. The Society does not have a share option scheme and none of the Directors has any beneficial interest in, or any rights to subscribe for shares in or debentures of, any commercial undertaking of the Society.

Basic Salary: The Society requires professional and highly competent individuals in leadership roles each of whom require regulatory approval under the Senior Managers Regime. Basic salary is set having regard for these requirements, the consequential regulatory accountability, and having had consideration for information from external sources including comparable building society data.

Performance Related Pay Scheme: This annual scheme has regard for best practice by emphasising the need for sustainable performance and recognises that ensuring effective risk management and a sustainable business model are vital requirements for the long-term well-being of the Society. It has been aligned to the corporate objectives and provides an incentive to perform at the highest level in a manner consistent with the long-term interests of members. It requires high performance across a range of measures before the maximum award of 20% of basic salary can be achieved. The Committee recommends to the Non-Executive members of the Board the scheme target measures, these are designed to ensure the continuing security and financial strength of the Society, recognise corporate and individual performance in accordance with good risk management, treat customers fairly, uphold excellent customer service, conduct, and quality of work standards. In assessing performance against the Performance Related Pay Scheme, the Committee will ensure performance is aligned with business objectives and activities and have regard for the overall regulatory conduct, member satisfaction and the effect of general market conditions. The Non-Executive Directors of the Board have sole discretion on awards made under this scheme which includes overriding formulaic outcomes.

Other Benefits: Executive Directors are members of the Society's Defined Contribution Pension Scheme, details of which can be found in the full Annual Report and Accounts. The Society makes a contractual contribution of 15% of basic salary for Executive Directors pension payments and this is taken into consideration when assessing their overall remuneration package; the pension scheme provider for Executive Directors is the same as for other employees. Executive Directors also receive benefits including a car allowance and private health care scheme (covering only themselves). The Society does not provide subsidised mortgages.

Contractual Terms: Executive Directors have contracts of employment. Mr Newton's is dated 19 December 2013 and requires 12 months' notice by the Society and 6 months by Mr Newton. Mr Lumby's and Mrs Morgan's are dated 5 January 2018 and 25 April 2019 respectively and require 6 months' notice from either party. There are no special terms in the event of amalgamation, transfer of engagements or transfer of business where employment is to be terminated.

Outside Directorships: Executive Directors who hold these do not receive any remuneration from those organisations.

Report of the Remuneration Committee

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

Board Comment: The Committee meets at least three times per year and reviews supporting evidence, including external professional advice if appropriate, on comparable remuneration packages. The minutes of the Committee are circulated to all Board members and the Chairperson of the Committee reports to the Board at the next Board meeting.

Non-Executive Directors

Fees relating to Non-Executive Directors are considered by the Chief Executive and Finance Director, with the Board Chairperson in attendance, having regard for the amount permissible under the Society's Rules. No Director is involved in setting their own fees. The basic fee payable to Non-Executive Directors is assessed using information from comparable organisations, the time commitment required and responsibilities of the role. A supplementary fee is paid to the Chairperson of the Board, the Chairperson of Audit & Compliance Committee and the Chairperson of Risk Committee to reflect the additional responsibilities and time commitment required of these roles. Non-Executive Directors do not participate in any incentive schemes or receive any other benefits. Non-Executive Directors have a letter of appointment rather than a contract of employment.

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

Board Comment: Each year the Executive Directors are appraised by the Chairperson of the Board in respect of their individual performance as members of the Board and by the Chief Executive in respect of their executive duties.

The Committee considers appropriate terms and conditions in the light of these individual appraisals, information from external sources including comparable building society data, the performance of the Society as a whole, and relevant factors from the external economic environment. It then makes recommendations to the Board regarding levels of salary, benefits, and performance related pay awards. The Committee also make recommendations to the Board regarding levels of salary, benefits, and performance related pay in respect of the appointment of Executive Directors, which is considered in light of information from external sources including comparable building society data.

Report of the Remuneration Committee

Directors' Remuneration

Non-executive Directors	2019 Total Fees	2018 Total Fees
	£'000	£'000
C D J Almond (appointed 28 February 2019)	28	-
D G Bassett (retired 16 April 2018)	-	9
M H P Daly (retired 28 June 2018)	-	22
A J Higgins (Chairman)	46	40
M Hrycyk	31	30
G E Loynes (retired 30 May 2018)	12	30
K A Rolfe	36	35
S J Shepherd (resigned 26 July 2018)	-	17
S J Veitch (appointed 28 June 2018)	36	20
Total	189	203

Executive Directors	Salary	Performance related pay	Benefits	Sub-total	Pension contributions	Total
2019	£'000	£'000	£'000	£'000	£'000	£'000
R J Newton	159	15	11	185	22	207
A J Lumby	126	12	9	147	19	166
S A Morgan (appointed 25/04/19)	77	7	6	90	12	102
	362	34	26	422	53	475

Mr Newton, Mr Lumby and Mrs Morgan are members of the Society's defined contribution pension scheme. During 2019 Mr Newton elected with agreement from the Society to take a proportion of his pension contributions as a cash allowance.


Executive Directors	Salary	Performance related pay	Benefits	Sub-total	Pension contributions	Total
2018	£'000	£'000	£'000	£'000	£'000	£'000
R J Newton	155	22	11	188	22	210
A J Lumby (appointed 29/01/18)	118	15	8	141	17	158
	273	37	19	329	39	368



We monitor and record phone calls for your security and our training purposes.

We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register Number is 159601. We are a member of the Building Societies Association.

 70 Owen Street
Tipton
West Midlands
DY4 8HG

 0121 557 2551

 thetipton.co.uk

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