

THE NOTTINGHAM DELIVERS GOOD PROGRESS AND PERFORMANCE AGAINST STRATEGY IN 2018 FINANCIAL RESULTS

Nottingham, UK, embargoed until Friday 15th March - The Nottingham today presented its financial results for 2018, in what was another period of good progress and performance in the development of its member-focused strategy.

Key achievements and highlights of 2018:

- Total branch savings balances of £2.4 billion, up 13% in 2018
- Welcoming over 25,000 new customers
- Mortgage lending exceeds £800 million equating to mortgage book growth of 4%
- Achieved a customer satisfaction score (NPS) of 79%
- Lowest level of complaints among financial services providers
- Total assets of £4.1 billion, an increase of 4%
- Group pre-tax profit of £11.8 million
- Arrears levels remain below a quarter of the industry average, approx. 42 accounts out of a total mortgage base of almost 26,000
- Almost half a million pounds worth of cashback and discount via its Member Rewards loyalty programme

David Marlow, Chief Executive Officer, said: “Throughout 2018 we made great progress against our objectives of growing and rewarding our membership underpinned by a culture that encourages our people to do the right thing and support the communities that we operate in.”

“Our strategy to attract new members went well as we saw over 25,000 join the Society in 2018 and loyal members were rewarded with almost half a million pounds worth of cashback and discounts through our Member Rewards programme. Another positive trend was branch savings balances increasing by 13% to almost £2.4 billion. Our network played a key role in this, particularly the seven newest branches that achieved balances of almost £100 million – ahead of our expectations.

2018 saw the Society continue to develop its digital capabilities to ensure it meets the needs of its members now and in the future. The programme of digital developments was announced through its partnership with Salesforce in 2017 with the eventual aim of members

benefitting from an omni-channel offering, which integrates the best of digital and face-to-face service. The online version of its Lifetime ISA product is due to launch imminently using the new platform, making it the only provider offering the popular savings account online and in branch.

In December the Society launched its concept branch in Newark, Nottinghamshire, with a number of new innovations including individual seated booths for transacting and the introduction of a new community area which provides facilities and technology for community groups to take advantage of.

Marlow continued; “We believe that investing in our digital capabilities is the right approach to secure a sustainable future for the Society, as we respond to significant shifts in customer behaviour and expectations. If we are to maintain our current standards and develop our proposition so that it remains relevant to existing and prospective new members, we must continue to invest in, and develop, the capability of the Society.”

Another element of digital investment in 2018 was the introduction of high definition video that provides customers across the branch network with on-demand broker and mortgage advice via a team of Nottingham Mortgage Services advisors based at head office. This service has helped almost 12,000 customers find the right mortgage from across the market in the past five years. This is set to grow further thanks to the digitisation of the service and as increasing numbers of members seek to take advantage when remortgaging.

High levels of customer retention was also supported by continuing to deliver world class levels of customer service, maintaining its customer satisfaction (Net Promoter) score of 79%, well ahead of the financial services average of 49%. The Nottingham was also announced as one of the firms with the lowest level of complaints across the entire financial services industry in the first half of the year, according to official FCA figures.

During 2018, it has built on its Doing the Right Thing for Communities programme with volunteering, grants and fundraising schemes around themes of homelessness, employability and financial awareness. The Grants for Good scheme provided £32,000 to a whole range of groups in 2018, supporting over 3,000 people. 250 students at more than 15 schools and colleges have benefited from support its charitable partnership with Young Enterprise to ignite commercial and entrepreneurial skills in teenagers. 300 students have also benefited from its Money Academy sessions, designed to help with personal money management.

In terms of financial performance, the Society recognised the impact of its investment plans as it reports a gross profit of £11.8m, down £2.7m (19%) on 2017 but **Marlow** said in relation to this; “Whilst gross lending was not at the record level of the previous year, our capability to retain customers supported the overall growth of the mortgage book. As a mutual, we benefit from not needing to strive to maximise profit, but continue to operate and develop the Society in a sustainable manner. This is demonstrated in our results this year which show that whilst net interest income was up 4% in the year and administration expense increases were managed to a rise of 4%, our reduction in profit in the year was largely due to our significant investment in the society for members. In the coming period, we expect to continue to closely manage our mix of investment and administrative costs, to strike the right balance for our members.”

Looking to the future, Marlow concluded; “2019 will undoubtedly be a year of uncertainty for us all. It is at times like these that our mutual ethos serves us well, enabling us to continue to invest in the long-term success of the Society, despite short term market, economic and political uncertainties.”

“Whilst we expect profitability to reduce in the short term, the Board remains confident that it is in the long term interests of our membership to continue to invest for the future, rather than pursue short term profit. We remain committed to creating the ideal hybrid of world class service and advice with digital accessibility and innovation and would like to thank our members for their continued support and our team for their hard work and dedication in 2018 and beyond.”

ENDS

Notes to editors

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About The Nottingham

The Nottingham is an award-winning building society and estate agency operating online and via a network of over 60 branches across 11 counties. The eighth largest building society in the UK by assets, with the fifth biggest branch presence, The Nottingham offers a broad range of building society services such as mortgages and savings, as well as independent financial planning, whole-of-market mortgage advice and local estate agency services. Founded in 1849, The Nottingham is a mutual building society owned by its members with a long and proud history of offering financial support and advice to local communities. Through its community programme, the society has donated over £950,000 to help communities in its heartland prosper.

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