

MEMBERS *Direct*

Your Newsletter from the Harpenden Building Society

ISSUE 15 AUTUMN 2013



Celebrating serving our Members...

...for 60 years

1953 2013

Harpenden Building Society's doors first opened in 1953, sixty years ago this year. During this time we have successfully navigated through the peaks and troughs of the financial landscape, building trust and experience along the way. Over the years, we have seen great change and progress in terms of technological advances as well as within the community, but one thing that's remained consistent throughout has been your Society. Welcome to the Anniversary edition of Members Direct.



Paul Marsden

Paul Marsden

Director & Chief Executive

Who can you trust with your money?

By **Carl Astley** FINANCE DIRECTOR



Following the financial crisis and the need for the UK taxpayer to 'bail out' some of our commercial banks, financial services remain in the media spotlight. Scandals such as the mis-selling of Payment Protection Insurance (PPI), LIBOR-fixing and a City bonus culture are at odds with consumers' need to be able to trust their provider.

Yet, according to a survey by the respected Which? consumer interest body, 80% of us think there is a deeper problem with the culture in banks than just a few individuals making poor decisions, and almost three quarters said they felt that banks have not learned the lessons of the financial crisis - so who can you turn to?

Mutuals are organisations which are owned by and run for the benefit of their Members. They have been around for some two hundred years, and you will find them within all sectors of financial services; as well as building societies they include friendly societies, credit unions, insurers and healthcare providers. Twenty million of us rely on them for our savings, investments, children's savings, mortgages, protection, pensions and healthcare.

They are different from a PLC: with no external shareholders to please, or who expect the business to pay them a dividend each year, they are managed solely to deliver the best possible service for their Members. Mutuals are not-for-profit; they aren't working to generate the biggest possible returns for shareholders, but instead use the money that they make to improve the Society and help its Members.

Their ethos is all about looking after Members' interests. Products are designed to help people, and pricing is based on delivering the best possible value, while supporting the Society's ability to invest in the business for the longer-term.

Mutuals also add considerable value to the UK. They employ around 900,000 people in Britain and nearly all of their operations are based here, rather than moving them offshore to save money. They are taxed under UK law, meaning that they aren't taking advantage of overseas tax regimes, and as such contribute to our economy.

As a Mutual building society we have a duty to our Members to protect their money and provide the best service possible. Financial security is paramount and tends to make our investment and lending decisions err on the side of caution.

It also means that we have never sought or needed any government assistance. In fact we have seen record levels of savings with the Society during the credit crunch, as security conscious savers recognise our financial health.

This has also provided us with the opportunity to offer record levels of lending to well thought-out mortgage proposals.

So next time you are thinking about who you can trust to look after your financial needs - consider the Mutual alternative!



The future of interest rates

By **Dean Carter** DIRECTOR OF TREASURY SOLUTIONS, KING & SHAXSON

We live in interesting times! Official interest rates have been at a record low for many years and we are all wondering when they will go up. People with mortgages want to know whether to fix or not; people with savings want to know when they might get a better return; and the building societies' Treasury departments want to know so they can plan and price products for their members.

At King & Shaxson we assist Harpenden Building Society with treasury

matters, and one of the things we do is to look at the economy and consider the interest rate fluctuations.

Generally it is quite hard to know when rates will go up or down, but we actually got a bit of a help the other day when the new Governor of the Bank of England told us rates won't go up until unemployment comes down. He broke with tradition because he thought it was important to inform the UK population, so businesses and individuals alike

can stop worrying and start spending and investing. It's called 'forward guidance' and will help to provide financial stability.

So with unemployment unlikely to come down to the Governor's target of 7% before 2016, it's likely that interest rates will stay low until then. Although, if inflation races ahead he won't be able to keep rates low - but that is a small risk and it is extremely unlikely we'll see the Bank Base Rate at 1.0% until 2016.

Records continue to be broken



By Phil Bannister HEAD OF OPERATIONS & INVESTMENTS

2013 is proving to be another phenomenal year, with the YTD growth in savings balances reaching an incredible 11%. Therefore to continue to reward our Members by protecting and maintaining the best possible savings rates on offer, we have recently had

to restrict the opening of some of our savings accounts to current Members only.

Prior to these restrictions we had already opened 1,400 new savings accounts this year of which almost 1,000 have been for the Simply ISA. This is a record for your

Society and reflects the strength of our products and rates in the marketplace.

Rest assured as the economic situation changes these restricted access accounts will once again be opened up to new Members.



Supporting our Supporters...

Sixty years is a key milestone, and we have so much planned and already undertaken for 2013, from fundraising and charitable support, through to Branch celebration parties for Members. Your Society was set-up to help the community buy homes and save for a rainy day, and we therefore take great pride in extending support to sixty worthwhile causes to commemorate our 60th Anniversary.

The Harpenden branch held a fantastic display window depicting the Queen's Coronation, which was also sixty years ago. Joining in the community spirit, two of our long standing Members kindly offered memorabilia to include in the display; hand knitted garments of Prince Philip and the Queen, together with the original Coronation programme.

We sponsor a variety of causes, from schools, to musical societies, sports clubs to ornithological societies; some we have supported over the years, and other newer ones we are pleased to offer our support to.

We are the main sponsor of the Herts 10K Run, which always draws huge crowds of runners and spectators alike. All proceeds from this annual event go to Rennie Grove Hospice Care. Last year the event was a sell-out so runners are being encouraged to register early for this year's run. A team of runners from the Society will also be taking

part in the event.

We also support the Christmas Story Competition run by Wendover & District Rotary Club, which has grown each year to include more schools. The quality of stories written by the local school children is incredible and a book is published containing the winning stories from various age groups. The final winning story also gets read out in a special award ceremony.

The Highland Gathering in Rothamsted Park, Harpenden, is another well attended annual event sponsored by your Society. The proceeds of this go to major charities as well as to small local groups - many of whom actively help in running the event. The Highland Gathering has become a key feature of the Harpenden social calendar and lays claim to being the largest Gathering outside Scotland.

We were really pleased to be the first local business to sign up to the Leighton Buzzard Town Cricket Club's Silver sponsorship package. The Club is well used and expects to play in excess of 150 games of cricket this season at both junior and senior level.

These are just a few of the worthwhile causes we are supporting this year. We have so much planned throughout 2013 we simply couldn't fit it all in! A big thank you goes out to all our Members who

News in Brief

New Chairman of The Metropolitan Association of Building Societies

We are pleased to announce that your Society's Director & Chief Executive, Paul Marsden, has been elected Chairman of The Metropolitan Association of Building Societies. Paul is Chair of one of three areas and collected his Chain of Honour earlier this year.

Every Building Society must be a member of a Regional Association and Paul Chair's 13 Societies within the Metropolitan region. He was nominated by the leaving Chairman, and voted in by colleagues. Paul's responsibilities will include feeding agenda items to the Building Societies Association Governing Council on key policy items.

Thanks a million

We didn't quite receive a million applications for our Non-Executive Director position that was advertised in the last issue of Members Direct, but it was a fantastic response nonetheless. Thank you to everyone who applied for the position. We now have a short list of eight high-calibre candidates. More details will follow in the next newsletter.

Onwards and upwards

We've now expanded into the second floor of Mardall House, our recently purchased HQ in Harpenden. Starting on the ground floor, your Society has grown to a point where the second floor has now been occupied by our growing team of financial specialists.

Our online future

We are pleased to announce that we'll be building more functionality into our website during the first half of 2014. This is something that will assist our Members with their everyday financial activities and help them to further manage their accounts online.

Learning the value of saving

By Iona Bain FINANCIAL JOURNALIST AND CONFERENCE PRESENTER

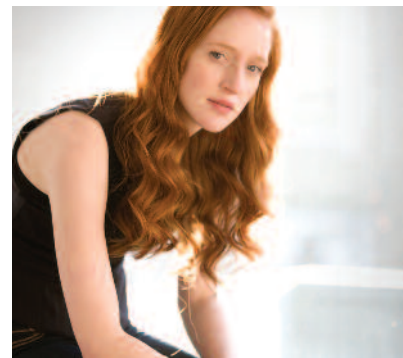
Many young adults like me wish that saving money came naturally to them, thinking of it in the same way as learning a language or playing a musical instrument... "if I only I'd practiced more when I was younger!"

Of course, education should always start at home and doubtless there are thousands of families having those all-important conversations. Yet discussing money with a young child can be daunting – where do you start? This is why it makes sense to have additional support from an established building society which gently

introduces the concept of saving to children in an interactive and fun way.

Luckily, children in your local area could well avoid those regrets through simple measures learned at an early age thanks to Harpenden Building Society, which has set up school banks in the local community to help primary school kids to exercise that savings muscle.

To help and encourage the youngsters, the Society gives each child a piggy bank when opening their account, along with a passbook that is regularly updated so they



can see their savings grow. I can't help but wonder how this may have affected my savings today, had I been encouraged to save from an early age in this way?



Meeting the need for tailored mortgages...

By Richard Mason HEAD OF LENDING



During 2013 the Bank of England kept its stimulus programme of quantitative easing unchanged and held interest rates at 0.5%. More mortgages are being approved than at any time in the past three and a half years, according to the latest figures from the Bank of England. This is consistent with your Society's own figures, showing July was our second highest gross lending month in history, where we loaned a total of £7.8m. In fact we are receiving double the number of mortgage enquiries we received in 2012, and that was a good year!

The challenging economic climate means lenders and borrowers alike are continually looking for innovative solutions to provide a safe and secure mortgage sustainable by both parties. There are all manner of reasons why people seek a mortgage and an equally wide range of

personal circumstances for providers to take into consideration. This is why Harpenden Building Society applies a common sense approach to mortgage lending, weighing up each case individually.

We feel the usual 'tick box' approach doesn't account for all contributory factors when a mortgage application is being considered. With this in mind, we are able to tailor our mortgages to meet our customer needs. We can consider Guarantors, Remortgages, Release of Equity for a wide variety of reasons, Bridging Loans, Unique Homes, Second and Holiday Homes as well as Property Development/Refurbishment mortgages. If you have various strands to your income, we look at the full picture. Complex applications are our speciality.

This approach is part of our ethos to provide a personal and tailored service to

our Members. Practical examples include Buy-To-Let, where we have helped one Member to purchase two properties – one to live in and one to let out, based on their combined income and maintenance payments they receive.

Our Guarantor mortgage was perfect for a young student purchasing their first flat. With parents as guarantors, they could purchase the flat and let it out until they finished University. We have offered a Holiday Home mortgage to clients wishing to purchase an unusual property as a holiday home, and assisted a young couple who are still developing their careers to buy their first property with a joint mortgage with their retired mother, who had sufficient income to help fund the mortgage.

Other examples of our tailored approach include our no upper age limit ethos. We helped a couple beyond retirement age whose fixed rate mortgage had expired. Their existing lender would not allow them to extend the term of their mortgage. Faced with having to sell their home, the couple approached Harpenden Building Society. We were able to assess their income and expenditure to determine that they could still afford their mortgage.

We take all avenues of affordability into consideration when determining mortgage proposals. Whilst we have a cautious approach, we are able to consider and approve all manner of tailored mortgages, each designed solely with the customer in mind.

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HARPENDEN BUILDING SOCIETY | AUTHORISED FOR INVESTMENTS BY TRUSTEES

A MEMBER OF THE BUILDING SOCIETIES ASSOCIATION | AUTHORISED BY THE PRUDENTIAL REGULATION AUTHORITY AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY AND PRUDENTIAL REGULATION AUTHORITY. FIRM REFERENCE NUMBER: 157260

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