



**Newbury**  
Building Society

# MEMBERS' REVIEW

INCORPORATING SUMMARY FINANCIAL STATEMENT  
YEAR ENDED 31 OCTOBER 2018



# Members' Review

The Directors have pleasure in presenting the Members' Review incorporating the Summary Financial Statement of the Society for the year ended 31 October 2018.

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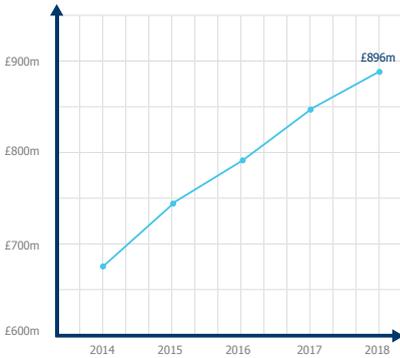
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# Our Highlights

## Mortgages

- Our mortgage book increased by £53m to £896m (6%)
- We lent £197m to mortgage customers (2017: £192m)
- Strong demand for our residential and first time buyer products
- There were no mortgage losses in the year and no properties in possession at the year end

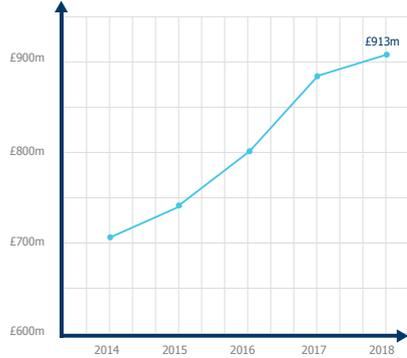
Mortgage Balances



## Savings & Funding

- Savings balances increased £34m to £913m (4%)
- The performance of our Existing Member and Welcome to Newbury accounts were significant factors in the growth
- We held funding of £125m from the Bank of England Term Funding Scheme at year end (2017: £58m)

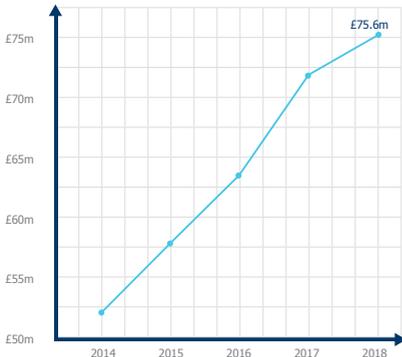
Savings Balances



## Financial strength

- Our regulatory capital grew £6.9m to £75.6m (10%) (2017: £68.7m)
- Our Total Capital Ratio improved to 20.4% (2017: 19.8%)
- Our profit after tax was £6.6m (2017: £5.9m)
- We held £212m of liquidity at year end (2017: £156m)

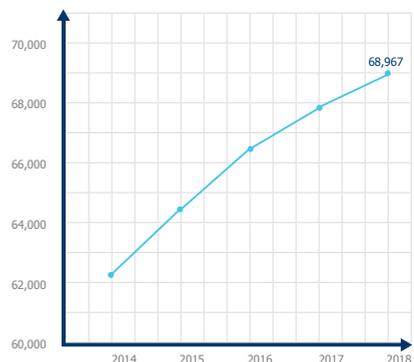
Capital



## Members

- Our member numbers increased by over a thousand to 68,967
- Our mystery shopping scores averaged 95% (2017:93%)
- Complaints as a percentage of members was 0.08% (2017:<0.11%)

Member Numbers



# Purpose, Vision and Culture

To be the trusted provider of mortgages and savings in our operating area.

Our purpose statement supports the actions we take in the interest of our members, colleagues and the communities we serve.



# The Year in Pictures



Our Wokingham branch raised £314 for their branch charity, Sue Ryder, undertaking a 100km Thames Path Challenge.



Staff at the Society's head office put their baking skills to the test for a 'Cupcakes of the World' themed bake-off for their charity, The Alzheimer's Society.



CEO Roland Gardner honoured Area Manager Clare Taylor with a long service award, following 25 years of continuous service.



The energetic Didcot branch team raised £831 as they raced to the finish line in the Helen & Douglas House Bubble Rush 5k in Oxford.



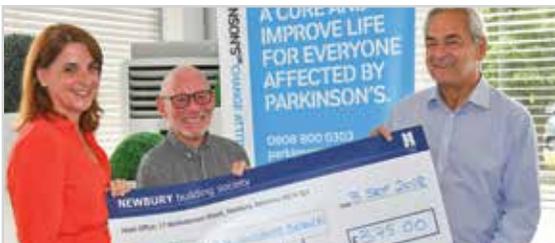
The Society presented Alton Challengers with a cheque for £500 to help with the activity costs of its summer play scheme.



Zian from Wokingham won a 12-month family pass to the UK's top theme parks and attractions after successfully winning our online Easter egg hunt.



Staff from our Alton and Basingstoke branches volunteered at St Michael's Hospice (North Hampshire) in Basingstoke, in the distribution centre.



Marketing Manager Emma Simms presented Parkinsons UK's Basingstoke branch with a cheque for £375, the donation will support therapy and Tai Chi classes.



Members and staff at Newbury Building Society's Winchester branch gathered for tea and cake, as the branch celebrated its 5th birthday in April.

# Summary Financial Statement

This Financial Statement is a summary of the 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 from all Newbury Building Society offices from 9 February 2018 or can be downloaded from [www.newbury.co.uk](http://www.newbury.co.uk) from 2 January 2019.

## Summary Directors' Report

### Key Performance Indicators\*

		2018	2017
Balance sheet	<b>Loans to Customers</b>	£896m	£843m
	<b>Retail Shares and Deposits</b>	£913m	£879m
Operating performance	<b>Management Expenses</b> as a % of Mean Total Assets	0.91	0.90
	<b>Interest Margin</b> as a % of Mean Total Assets	1.61	1.63
	<b>Mortgage Arrears</b> - on accounts two months or more in arrears	£0.13m	£0.12m
	<b>Society Profit After Tax</b>	£6.6m	£5.9m
Financial strength	<b>Regulatory Capital</b>	£75.6m	£68.7m
	<b>Total Capital Ratio</b>	20.4%	19.8%
	<b>Liquid Assets</b> as a % of Shares and Borrowings	20.5%	16.7%
Members	<b>Members</b> - numbers	68,967	67,927
	<b>Mystery Shopping</b> - % score achieved	95%	93%
	<b>Complaints</b> - as a % of members	0.08	<0.11%

\* Further information on the definitions is included in the glossary on page 66 of the Annual Report and Accounts.

### Business Review

This has been another excellent year for the Society, the fifth consecutive year of strong balance sheet growth and profitability. Assets increased by just over 10% to £1.1bn (2017: £1bn) and profit after tax rose to £6.6m (2017: £5.9m). These figures compare with the similarly strong performance of 2017 and continue the Society's top-quartile performance in each of the last five years. The key element to the Society's performance is the fact that the Society is managing simultaneously not only to achieve consistent levels of balance sheet growth, but also to do this whilst strengthening its capital position. Because growth and profitability have been achieved in appropriate equilibrium in recent years, the Society's total capital ratio has improved whilst growing the

balance sheet sufficiently to absorb the rising costs of running a highly regulated business. With growth and profit ahead of our targets, the Board is delighted to report on such a positive year.

Mortgage balances rose by 6.2% in the year, achieved against a background of greater competition, declining market transaction numbers and an increasingly unsettled political and economic horizon. Gross lending was a record £196.7m (2017: £192m), the fourth successive year of record lending. Competition is set to get tougher as not only are the six biggest lenders collectively more active in the market than they have been in recent years, but also many new challengers have entered

the residential mortgage market specialising in the types of niche lending which have been the hallmark of the Society's proposition in recent years. Despite this, the Society has utilised a combination of competitive pricing, appropriate lending criteria and high quality service to achieve growth, but without diminution in lending quality.

“ The Society has utilised a combination of competitive pricing, appropriate lending criteria and high quality service to achieve growth ”

The Society's profit after tax was a record £6.6m (2017: £5.9m). This level of profitability is required not only to support the lending growth, but also to reflect the Society's ongoing need to boost its capital strength in response to the uncertainty caused by the Brexit process and to the higher capital levels needed under the Capital Requirements Directive. In addition, this will allow the Society to invest in its buildings and in technological developments, but without the consequence of otherwise weakening capital ratios.

Savings balances increased by £33.6m during the year, a significant reduction on last year's £71.7m growth, as the Society took advantage of the final opportunity to utilise low cost funding available to it from the Bank of England's Term Funding Scheme (TFS). TFS closed to further drawdowns in February 2018, by which time the Society had drawn a further £66.9m, thereby providing almost exactly two thirds of its funding during the year. In order to avoid excessive liquidity levels and to control the cost and volume of inflows into savings accounts, the Society kept a number of its accounts closed to new business and restricted annual subscriptions into the Existing Members Account (EMA) to £2,000 from April. Despite this reduction, the account continued to prove

very popular and generated over £18m of the year's inflow. The majority of accounts have continued to be priced very favourably against the market and that policy continued following the Bank of England Bank Base Rate (BBR) increase from 0.5% to 0.75% in August, the Board reviewed the Society's savings rates and increased the rates on the majority of accounts by 0.25%.

Setting interest rates, which are fair for both savers and borrowers, is a delicate balancing act. Ultimately it is competition in both markets that is the overriding factor in determining the rates the Society is able to offer to new and existing members. It was therefore pleasing for the Board to be able to reward loyal savers with the first increase in savings rates for ten years following the BBR increase in August.



The Society was thrilled to win two awards at the 2018 British Banking Awards. The 'Best Mortgage Provider' and 'Treating Customers Fairly'. The awards are based on customer feedback.

The savings market has been subdued in recent years. The main reason is because deposit-takers, including the Society, have had access to low cost Bank of England schemes and the availability of this funding until February this year meant larger savings balance inflows were not actively sought during the year. Indeed since the onset of the Funding for Lending Scheme (FLS) in 2012, the Society's policy for savings has been to prioritise and protect the interests of existing members. This has been achieved by restricting new customers from

accessing higher-paying savings accounts, thus enabling the Society to maintain interest rates ahead of the market average for its existing members.

The Society's interest margin declined less than expected, falling 0.02% as a result of savings accounts being held at above market levels while lower mortgage rates were offered to borrowers as a result of market competition. The Board anticipates the margin will reduce more steeply next year as the impact of lower mortgage pricing continues to reduce income, but competitive savings rates are maintained and costs in running the business continue to rise.

The Board recognises that controlling costs is vital for the Society's competitive position in the market place and although the Society's management expenses ratio has increased this year by one basis point from 0.90 to 0.91, our ratio is lower than those of all our immediate Building Society peer group, indeed our ratio is only surpassed by eight Societies, all of whom are ranked in the top twelve by asset size. Balance sheet growth, coupled with careful management of expenses, brings about the economies of scale which makes the business stronger in the long term, so cost controls will continue to be a major area of focus as the Society seeks to optimise investment in the business and the provision of high quality and value products and services for members.

The Board recognises that as a membership organisation the service to members is of paramount importance. It is therefore pleasing that independently assessed mystery shopping scores have remained above 90% for the fifth successive year and that the Society has received complaints from fewer than 0.08% (2017: 0.11%) of our members. In addition, the number of members in the Society grew by just over 1,000 in the year to 68,967, with many enjoying the benefits of the Welcome to Newbury account as their introduction to membership of the Society, thus

re-enforcing the fact that the combination of a strong service proposition with competitive interest rates is an effective strategy for the Society to follow.

The Society's performance in 2018 has been achieved against more challenging circumstances than in recent years, with house prices in central southern England faltering in reaction to the effects of a hung parliament and the unknown outcome of Brexit negotiations. Coupled to the increased competition from new players in the market too, the Board is therefore pleased to be able to present such a solid business and financial performance.

### **Mortgages (Loans to Customers)**

The Society lent a record £196.7m in the year, exceeding last year's total of £192m, but because of increased repayment levels, the net lending figure reduced from £62m to £53m. As a result the total mortgage book for the Society grew by 6.2% to £896m. This growth was achieved against a backdrop of a market where competition continues to intensify and transaction levels to reduce. A core element of the lending during the year was in affordable housing products, which form the starting point on the housing ladder for so many individuals and families in central southern England.



**The Society attended the Spring and Autumn Help to Buy South shows across Berkshire, Oxfordshire, Wiltshire and Hampshire.**

The Society's Standard Variable Rate (SVR) increased in September from 4.2% to 4.45% following the Bank of England's decision to

increase BBR to 0.75%, its highest level since early 2009. To put this change in context, the Society's variable rate borrowers have been returned to the SVR used by the Society between 2009 and 2016 when BBR was 0.5%, thereby presenting variable rate mortgage customers with a genuine reduction against the market.

The Society's lending proposition is based on the provision of a competitive range of fixed and discounted mortgages mainly for owner occupiers, but also for Buy To Let (BTL) landlords. With competition in residential lending proving intense, the Society not only operates in the low margin mainstream market, it also operates in areas of the residential market where appropriate returns for risk can be made, such as the first-time buyer products in the Help To Buy range, to customers with credible repayment plans who require interest only mortgages, to self-builders and custom builders who wish to build their own home and to those seeking mortgages beyond normal retirement dates. Later life lending has been very much an industry focus this year and the Society participates fully, with the exception of Lifetime mortgages, in this market. As anticipated the BTL market has continued to prove challenging for the Society as the collective impact of second property stamp duty, changes to taxation allowances on mortgage interest and affordability legislation take their toll on demand. BTL lending for the second successive year was £11m down on the previous year, in a market where increasingly transactions are either remortgages of existing debt or are made to limited company ownership vehicles. The Society will continue to offer appropriate products to the BTL community, including limited company purchasers and to British nationals living overseas.

The Society's mortgage book comprises 83.6% (2017: 82%) residential owner-occupied loans, 13.7% (2017: 16%) BTL, and 2.7% (2017: 2%) commercial lending, including limited company BTL. The Society's book remains of

the highest quality with an average indexed loan to value the same as one year ago at 32% on the Society's residential mortgages. Furthermore, less than 2.5% of the balances in the book are more than 80% of the current indexed value of the properties on which their mortgages are secured and lending over 80% loan to value at inception is insured through a mortgage indemnity policy, which protects the Society from losses incurred if a property is taken into possession during the first ten years of the loan. This year the Society advanced £10.9m on mortgages where the loan to value was over 80%, a modest increase of £0.9m over 2017.

The Society does not use credit scoring in its underwriting as all loans are individually underwritten by an experienced team based in Head Office, who have the authority to exercise some flexibility with our lending criteria in appropriate cases. Responsible lending and decision-making are the key to our loan quality, and our desire to reduce the risk of future default is paramount in our lending strategy.

The Society's arrears and possession statistics remain low both for the building society sector and for the industry as a whole. The value of arrears for cases more than two months in arrears increased marginally from £0.12m to £0.13m, although the number of borrowers in this category decreased by ten from 38 to 28 accounts.

There were six cases in serious arrears of twelve months or more at our year end (2017: seven cases). The total amount of arrears outstanding on these accounts was £70,000 (2017: £57,000) and the aggregate capital balance was £749,000 (2017: £476,000). For the second successive year, the Society had no properties in possession at year end (2017: nil) and no properties were taken into possession during the year. The Society did not incur any mortgage losses during the year (2017: no losses), thus maintaining the enviable position of total mortgage losses under £50,000 in the last 15 years, a period including the global

banking crisis of 2008 and its aftermath. The Society shows forbearance to borrowers where appropriate and there were 37 accounts at 31 October 2018 (2017: 45) where clients were benefitting from a forbearance action such as temporary interest only concessions, payment plans and reduced payment concessions. The reduction in the number of cases demonstrates the effectiveness of good quality counselling and the figures generally further demonstrate the quality of the Society's mortgage book and the quality of underwriting processes over many years. The Board is pleased to report that the Society's overall position in both the number of arrears cases and those where forbearance is being deployed are improved on the position one year ago.

### **Retail Shares and Deposits**

The Society aims to generate the necessary level of savings to meet its mortgage funding and liquidity requirements. The Society's retail balances increased by 3.8% during the year, which represents an increase of £33.6m. This was an appropriate amount given the Society's mortgage balance growth and the fact that the Society had access to lower cost funding through the Term Funding Scheme. The Society could undoubtedly have achieved higher levels of growth in savings balances, had it been necessary, as the marketplace for retail savings continued to remain benign and the Society therefore kept many accounts closed to new business in order to allow existing members to benefit from higher rates than would otherwise have been the case. That said, by the end of the year the marketplace was gaining some momentum as the effect of the BBR increase and the products and rates of new entrants to the market provided a greater element of competition.

The policy of protecting higher paying accounts for the benefit of existing members meant the Society restricted its one year fixed rate bonds to only those members with maturing bonds and no new corporate accounts were opened during the year, as the Society concentrated on servicing its existing depositors.

The Society's highest paying account, the Existing Members Account, demonstrated its popularity again by introducing a net £18m to the Society during the year, and that occurred despite each member being restricted to a maximum subscription of £2,000 per tax year after April 5, reduced from £4,000. Our ISA range also brought in net subscriptions of £9.6m despite the restrictions to product availability and ISA transfer-ins throughout the year. Membership increased by over a thousand during the year, as the total number of savings accounts exceeded 80,000 for the first time.

“ Our philosophy for our savers is to operate fairly, with simplicity in product design, competitive terms and conditions, and to ensure existing members are treated at least as equally as new members ”

Our philosophy for our savers is to operate fairly, with simplicity in product design, competitive terms and conditions, and to ensure existing members are treated at least as equally as new members. The reality in recent years has been that existing members have experienced better terms and conditions than new members, as the Society has maintained above average rates for savers. The Board believes that savings members have been well served by our pricing policy and that they receive above average returns, coupled with fair terms and conditions on their investments.

### **Capital and Liquidity**

The Board is conscious that both members and the Regulator require the Society to be financially secure. Financial strength protects the Society against its principal risks and uncertainties (see below) and safeguards member funds. The Board therefore sets a strategy to ensure that both capital and liquidity are maintained at appropriate levels.

The continuing emphasis on high quality capital by world banking authorities has meant that the level of profitability this year was necessary for two reasons: firstly, to continue the process of building our reserves for the Capital Requirements Directive and, secondly, to reflect the increase in mortgage balances. The reserves now stand at a record level and at 31 October 2018 were as follows:

Capital	2018	2017
	£000s	£000s
Tier 1 Capital	74,756	67,932
Tier 2 Capital	817	730
Capital Resources	75,573	68,662
Total Capital Ratio	20.4%	19.8%

Liquidity: Liquid assets (which comprise cash and investments as shown on the statement of financial position) increased to £212m (2017: £156m). Liquid assets as a percentage of shares and borrowings increased to 20.5% (2017: 16.7%).

The Society is required to set out its capital position, risk exposures and risk assessment processes in its Pillar 3 disclosures document. This can be obtained by writing to the Company Secretary at Head Office.

## Governance

There have been three changes to the Board this year, all pre-announced in last year's directors report. The first was the appointment of Piers Williamson as a non-executive director at the beginning of January. Piers brings a number of skills to the Board in treasury, insurance, credit and housing association finance and he provides a further strengthening to the non-executive element of the Board.

The second change was the executive appointment of Kieron Blackburn as Finance Director in February. Kieron chairs the executive-led Asset & Liabilities committee and is responsible for providing direction to the

finance, treasury and prudential functions of the Society.

The third change relates to Lee Bambridge, previously Finance Director, who transferred to the new role of Chief Risk Officer in February where he remains an Executive member of the Board and attends all the Board Committee meetings, where he advises the Board on risk matters.

The Board is committed to best practice in Corporate Governance. The report on pages 16 to 18 of the Annual Report and Accounts explains how the Society applies the principles contained in the UK Corporate Governance Code as well as setting out the Committee changes that occurred during the year.

As an equal opportunities employer, the Society values the differences that a diverse workforce can bring and is committed to ensuring that its workplaces are free from unlawful or unfair discrimination because of race, nationality, ethnic or national origin, gender (including gender reassignment), sexual orientation, age, religious beliefs, marital status or disability.

## The Communities We Serve

The communities in which our branch network operates form the heart of the Society. It is our ongoing aspiration to give something back to the communities where our members and employees live and work, by supporting local projects, undertaking fundraising activities, taking part in community events and offering sponsorships.

Our branch and head office employees support their charity partners by fundraising and volunteering activities throughout the year. As a further incentive and to provide further financial support, the amounts raised by staff through fundraising events are fund-matched by the Society.

During the year, fundraising and activities undertaken included:

- The Didcot branch team took part in Helen & Douglas House's 5k Bubble Rush marathon
- Wokingham branch employees completed a gruelling 100km virtual cycle challenge
- Head office Finance department employee, Deborah Springer, completed this year's Memory Walk for Alzheimer's Society

The Society continued to offer every employee the opportunity to take two days paid leave to support community projects or local charities of their choosing through volunteering. During the financial year 2017/18, employees completed 268 volunteering hours, with volunteering undertaken including:

- The Hungerford branch team decorated Prior's Court Foundation's Countryside Learning Centre
- Thatcham and Newbury branch employees visited West Berkshire Community Hospital to tidy up the Rainbow Rooms' outdoor space
- Alton and Basingstoke branch employees volunteered at St Michael's Hospice's distribution and sorting centre
- Andover branch sold locally grown plants to help raise money for Andover War Memorial Hospital



Nicola King-Head, one of the members of staff from Thatcham and Newbury branches who spent a day volunteering by helping to tidy the gardens at West Berkshire Community Hospital for Newbury Cancer Care, their branch charity.

The Society donated a total of £9,165 to 27 local community projects as part of its Community Support Scheme. The scheme, which launched in 2017, provides financial assistance to a wide range of organisations involved in improving community life within the Society's ten branch towns.

Projects which have benefitted from the Community Support Scheme, awarded between £300 and £500 include:

- The Countess of Brecknock Hospice Trust, Andover: the hospice requested support for its annual 10@10 Late Night Walk event
- Ufton Court Educational Trust, Newbury: the charity was awarded a grant to help promote its 55 mile cycle sportive to raise funds for a new learning facility
- Treloar School, Alton: the specialist school received an award to fund the newly potted flowerbeds within its outdoor play and learning area
- Wokingham Foodbank, Wokingham: the community project was awarded a grant to help with ongoing operational costs

Other events and activities undertaken in our communities included:

- Junior Newbury Building Society (JNBS) celebrated its 10 year anniversary, continuing to offer primary school children the opportunity to learn how to save and understand basic personal finance matters in a fun and interactive environment
- Hungerford branch donated a currency-counting weighing scale to the finance team at Prior's Court Foundation

The recently launched charity savings account which pays a competitive rate to members also makes a donation of 0.4% to the member's preferred charity. The account has proved popular, with balances increasing each month to over £3m by the end of the year and by

a further £1m since, meaning that for the forthcoming year the donation the Society will make to our partner charities from this account should be around £20,000.

In total this year, the Society made donations totalling over £33,000 (2017: £26,000) in support of local charities and community organisations. No contributions were made for political purposes.



Jane Boshier, Senior Branch Manager at Newbury, Thatcham and Hungerford visited Prior's Court Foundation to gift their Finance team a currency-counting weighing scale.

## The Future

The Society's vision to be the chosen provider of savings and mortgages in its operating area remains as strong as ever. As the Society enters a new era in the provision of Financial Services, characterised by Open Banking and the Fintech revolution, there are more options than ever for people on how to manage their money. The Board is very much aware of the Society's need to embrace change by investing in its staffing and technological capabilities, and members will therefore see changes and improvements to the way the Society delivers its products and services in the coming months and years. The growth and profitability of recent years has provided the foundations for the Society to make these investments, not only for the benefit of our current members but also for those who will be our future members.

A key decision for the Board is to determine the right time and the right services to offer, whereby members are provided with what they

want, but at an affordable price. The decision to develop myaccounts, our online savings service, has been long vindicated, as has the development of money transmission via use of debit cards for deposits and faster payments for withdrawals. These services are subject to continuous improvement and next year will see a further review.

Technology acts as an enabler to our service proposition and in the last year the Society has improved its online service platforms for both savers and mortgage intermediaries. The Society is currently trialling a video service for mortgage and savings advice and is establishing an externally resourced digital advisory panel of subject matter experts to help develop its digital thinking and to determine in which way we enhance our customer service proposition.

Whilst technological development will be a key focus, the Board is fully committed to the branch network, promoting a savings culture using fair and transparent products, which offer good value in the short, medium and long term. Our aspiration is for the Newbury brand to be instantly recognisable in our branch towns and synonymous with what differentiates the Society from banks: being a mutual, member centric, with relevant, attractive products and exceptional customer service.

The Society became a member of the Institute of Customer Service two years ago and received an exceptional satisfaction rating of 89.1 from the members who took the customer satisfaction survey at that time. Two years on, the exercise is being repeated. Being member focussed and service driven, putting members at the centre of what we do and encouraging a culture of high quality service through individual and personal interactions, creates our differentiator. Our overarching customer service strategy is therefore to increase customer advocacy and employee engagement, thereby supporting membership retention and increase. In order to demonstrate tangibly the quality of customer services experienced by our

members we plan to seek the ICS ServiceMark accreditation during 2019.

There are many challenges ahead for the Society as large banks, second tier competitors and new 'challengers' seek to increase their market share, which inevitably means competition is increasing. This can only be good for members, but it will remain our intention to offer fair-priced savings and mortgage products, to lend responsibly and to support borrowers to achieve their housing aspirations. The Society will continue to provide a full mortgage and savings service in its branches and operate in niches where the wider market lacks capacity or capability. Supplemented by the Society's online capability, members will enjoy the real advantages of a 'bricks and clicks' service.

The Board is aware that house prices in the south east have stalled in recent months as the market takes a watchful eye over political developments, specifically the outcome of withdrawal negotiations with the EU. Confidence levels appear low, which means the Society will continue to pay particular regard to the appropriateness and quality of its mortgage lending, to ensure that there are no shocks or should the market experience unexpectedly high price reductions any other unforeseen outcomes such as higher inflation or unemployment, in the wake of the Brexit process. The safety of savings balances is the top priority and the improving capital strength of the Society means that the Society comfortably passes all its stress tests. Notwithstanding that fact, the Society also has adequate plans in place to cater for an unruly market, and if necessary to review the aims of the Corporate plan.

In spite of the political uncertainty at the time of writing, the Board believes that a successful future lies ahead for the Society as an independent, branch-based, technologically-enabled and vibrant mutually-owned business.



35 members of staff took part in a national 'Mortgage Sleep Out' event and raised more than £7,900 for End Youth Homelessness.

## **Risk Management Framework**

The Society operates in a business environment that contains a wide range of financial and non-financial risks. To ensure that these risks are contained within the Board's risk appetite a risk management framework (RMF) operates throughout the Society. To enable a clear focus on this area, the Board delegates the oversight of the RMF to the Risk Committee. During the year the RMF has been updated to ensure it continues to remain appropriate given the Society's increased size and future planned growth. While a three lines of defence approach had previously been applied, the second line risk team has now been strengthened and a Chief Risk Officer, who is an Executive Director on the Board, has been appointed (from February 2018) to oversee the effective implementation of the RMF and to centralise the independent review of risks and uncertainties in the business.

## **Principal Risks and Uncertainties**

The principal risks to which the Society is exposed, along with how they are controlled and the associated policies, are set out below.

In addition to these, the Society is at risk from uncertainty in the economic environment, including political changes and the potential implication of Brexit, which could impact the markets in which we operate. For example, changes in the strength of the UK economy and interest rate levels could influence the demand

for our products and our customers' ability to repay their mortgages.

The Society has a cautious risk appetite across all of its principal risks. The Risk Committee reviews both the key risk indicators for each principal risk and the output from a range of stress tests to ensure that risk levels remain within the Society's agreed risk appetite.

### **Strategic Risk**

Strategic risk is the impact on the Society's business model as a result of competition, legislation and macro economic conditions. These have the potential to reduce the Society's profit levels and contribution to capital, thereby threatening the financial strength of the Society. Strategic risk is regularly considered by the Board.

### **Credit Risk**

Credit risk is the risk that loan customers or treasury counterparties default on their obligation to repay the Society.

Mortgage credit risk is controlled in accordance with the Board-approved lending policy and by strict controls over lending mandates. Mortgage applications are approved by a central underwriting team in accordance with the lending policy. Quality control reports are regularly considered by the Credit Committee.

Counterparty credit risk is controlled through adherence to the Board-approved Treasury Policy, which includes prudent limits on credit exposures to individual and groups of counterparties.

### **Liquidity Risk**

Liquidity risk is the risk of the Society failing to meet its financial obligations as they fall due, resulting in the inability to support normal business activity and failure to meet regulatory liquidity requirements. This includes the funding risk of not being able to find new funding to replace outflows or maturing facilities.

The Treasury Policy is regularly reviewed by the Assets & Liabilities Committee and is approved by the Board.

### **Market Risk**

Market risk includes interest rate risk and basis risk. Interest rate risk is the risk of mismatches between the dates on which interest receivable on assets and interest payable on liabilities are reset to market rates, impacting on profitability and the value of the Society's assets and liabilities.

Market risk is managed utilising financial instruments where appropriate in accordance with the Board- approved Treasury Policy. This is regularly reviewed by the Assets & Liabilities Committee.

A detailed analysis of the Society's interest rate sensitivity at 31 October 2018 can be found in note 24 on pages 59 to 62 of the Annual Report and Accounts.

### **Operational Risk**

Operational risk is the risk of loss arising from inadequate or failed internal processes or systems, human error or external events.

The Society has robust processes and controls in place, for all operational areas, which are designed to mitigate this risk.

The Audit Committee is responsible for assessing the effectiveness of the system of inspection and control.

### **Legal and Regulatory Risk**

Legal and Regulatory risk is the risk of failing to interpret, implement and comply with the array of legal and regulatory requirements. This is regularly reviewed by the Risk Committee.

### **Conduct Risk**

Conduct Risk is the risk of the Society providing poor outcomes to customers.

The Society is committed to treating customers fairly and this is underpinned by the Society's Conduct risk framework, which is regularly reviewed by the Risk Committee.

The executive committees monitor conduct risk at an operational level.

## Directors

The following served as Directors of the Society during the year:

- Peter Brickley
- John Parker (retired 28/2/18)
- Roland Gardner
- Lee Bambridge
- Kieron Blackburn
- Ron Simms
- Tracy Morshead
- Phillippa Cardno
- Sarah Hordern
- William Roberts
- Zoe Shaw
- Piers Williamson

Biographies of the Directors appear on pages 20 and 21. None of the Directors had any beneficial interest in any connected undertaking of the Society as at the year-end. The Society maintains liability insurance cover for Directors and Officers as permitted by the Building Societies Act 1986.

The Directors retiring at the Annual General Meeting are Sarah Hordern, William Roberts and Roland Gardner who, being eligible, offer themselves for re-election. Kieron Blackburn who was appointed to the Board since the last AGM, and being eligible, stands for election.

## Other Matters

### Creditor Payment Policy

It is the Society's policy to pay suppliers within agreed terms providing the supplier performs according to the terms of the contract. The number of creditor days at 31 October 2018 was 7 (2017:8).

### Going Concern

The Directors are satisfied that the Society has adequate resources to continue in business for the foreseeable future. For this reason the accounts are prepared on a going concern basis.

### Events since the Year-End

The Directors do not consider that any event since the year-end has had a material effect on the position of the Society.

### Auditor

The Board are recommending that Deloitte LLP are re-appointed as external auditors of the Society for the 2019 year-end. A resolution for their appointment will be proposed to the forthcoming Annual General Meeting of the Society.

Peter Brickley  
Chairman  
19 December 2018

# Summary Statement

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
<b>Society results for the year</b>		
Net interest receivable	17,694	15,912
Other income and charges	(67)	(43)
Net loss / (gain) on derivatives	163	133
Administrative expenses	(9,689)	(8,777)
Provision for bad and doubtful debts	(49)	9
Provision for FSCS levy	122	109
Profit for the financial year before taxation	<u>8,174</u>	<u>7,343</u>
Taxation	(1,582)	(1,425)
Profit for the year	<u>6,592</u>	<u>5,918</u>
<b>Group financial position at the end of year</b>		
<b>Assets</b>		
Liquid assets	212,118	156,240
Derivative financial instruments	572	373
Mortgages	895,890	843,402
Fixed and other assets	6,926	8,642
	<u>1,115,505</u>	<u>1,008,657</u>
<b>Liabilities</b>		
Shares	876,556	839,296
Borrowings	160,850	97,510
Derivative financial instruments	260	523
Other Liabilities	2,426	2,507
General Reserves	75,413	68,821
Total liabilities	<u>1,115,505</u>	<u>1,008,657</u>
<b>Key financial ratios</b>		
	%	%
Gross capital as a percentage of shares and borrowings (note 2)	7.27	7.35
Liquid assets as a percentage of shares and borrowings (note 3)	20.45	16.68
Profit for the year as a percentage of mean total assets (note 4)	0.62	0.61
Management expenses as a percentage of mean total assets (note 5)	0.91	0.90

Peter Brickley    Roland Gardner    Kieron Blackburn  
 Chairman            Chief Executive    Finance Director

19 December 2018

# Notes to the Summary Statement

1. In common with all regulated UK deposit takers, the Society has paid levies to the FSCS to enable the FSCS to meet claims against it. During 2008 and 2009 claims were triggered against the FSCS in relation to Bradford and Bingley plc, Kaupthing Singer and Friedlander, Heritable Bank plc, Landsbanki Island hf, London Scottish Bank plc and Dunfermline Building Society.

The FSCS has met these current claims by way of loans received from HM Treasury. The FSCS has sought to recover the interest cost of these loans, together with ongoing management expenses to cover the costs of running the scheme, by way of annual levies on members, including Newbury Building Society.

At 31 October 2018 no further levies are due.
2. The gross capital ratio measures the Society's capital as a proportion of its shares and borrowings. The Society's gross capital consists of general reserves and revaluation reserve which have been accumulated over many years.
3. The liquid assets ratio represents the total of cash, deposits and government securities held by the Society as a proportion of the Society's shares and borrowings. Liquid assets are held by the Society for prudential purposes in order to meet investor withdrawals from their accounts, make mortgage advances to borrowers and to fund general business activities.
4. Profit for the year as a percentage of mean total assets represents the Society's profit for the year (after tax) as a proportion of the average total assets held during the year.
5. The ratio of management expenses to mean total assets is one of a range of ratios, widely used in the industry, to measure administrative efficiency.
6. An Audit Report is included in the Annual Report and Accounts.

# Independent auditor’s statement to the members and depositors of Newbury Building Society

We have examined the summary financial statement for the year ended 31 October 2018 which comprises the summary Income Statement and Statement of Financial Position together with the summary Directors’ Report.

This report is made solely to the Society’s members, as a body, in accordance with section 76(5) of the Building Societies Act 1986. Our work has been undertaken so that we might state to the Society’s members those matters we are required to state to them in an auditor’s report 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, for our audit work, for this report, for our audit report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditor**

The directors are responsible for preparing the summary financial statements, in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Business Review and Summary Financial Statement with the annual financial statements, 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.

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

We conducted our work in accordance with Bulletin 2008/3 “The auditor’s statement on the summary financial statement in the United Kingdom” issued by the Auditing Practices Board. Our report on the Society’s full financial statements describes the basis of our audit opinion on those financial statements.

## **Opinion on summary financial statement**

We have examined the summary financial statement for the year ended 31 October 2018 which comprises the summary Income Statement and Statement of Financial Positions together with the summary Directors’ Report.

**Deloitte LLP**

Statutory Auditor  
Birmingham, United Kingdom  
19 December 2018

# Non-Executive Directors



**Peter Brickley**  
Chairman of the Board

Peter was appointed to the Board of Directors in July 2008 and was elected Chairman in February 2015. He is the Chief Information Officer for a European beverage business. Peter is Chairman of the Risk and Nomination Committees and a member of the Remuneration Committee.



**Ron Simms**  
Vice Chairman

Ron was appointed to the Board of Directors in June 2010 and is the Society's Senior Independent Director. He is a Solicitor and a Director of a service company providing in-house legal services. Ron is Chair of the Audit and the Remuneration Committees and is a member of the Nomination and Risk Committees.



**Sarah Hordern**  
Non-Executive Director

Sarah was appointed to the Board of Directors in February 2015. She is a Chartered Accountant and former joint Managing Director of Newbury Racecourse and is currently a strategic property consultant. Sarah is a member of the Risk, Remuneration and Nomination Committees.



**Tracy Morshead**  
Non-Executive Director

Tracy was appointed to the Board of Directors in June 2012. He is a fellow of the Chartered Institute of Marketing and a chartered marketer. Tracy is a member of the Risk Committee. Tracy retires from the Board following the AGM.



**William Roberts**  
Non-Executive Director

William was appointed to the Board of Directors in February 2015. He is a Chartered Accountant and is Finance Director for Hastoe Housing Association. William has more than 20 years' experience in the property sector and 15 years' experience in the Housing Association sector. William is a member of the Audit and Risk Committees.



**Zoe Shaw**  
Non-Executive Director

Zoe was appointed to the Board of Directors in September 2017. She has been General Manager at a German bank, CEO of a credit fund and Head of Fixed Income at a leading UK pension fund manager. She has extensive experience of the UK property market. Zoe is a member of the Risk Committee.



**Piers Williamson**  
Non-Executive Director

Piers was appointed to the Board in January 2018. He has more than 30 years' financial markets experience specialising in treasury risk management and is Chief Executive of The Housing Finance Corporation, a mutual company that lends funds to Housing Associations. Piers is a member of the Audit and Risk Committees.

## Executive Directors



**Roland Gardner**  
Chief Executive

Roland joined the Society in 1987 and was appointed to the Board of Directors in September 2006. He was appointed Chief Executive on 1 February 2007 and is responsible for the Society's strategic development, leading the Executive team, providing leadership and direction throughout all areas of the business and for setting and maintaining culture and standards.



**Lee Bambridge**  
Chief Risk Officer

Lee joined the Society and the Board of Directors in July 2007. He is a Chartered Accountant and a Corporate Treasurer. Lee acted as the Society's Finance Director until February 2018, when he was appointed Chief Risk Officer. Lee is responsible for the Society's Risk and Compliance functions.



**Philippa Cardno**  
Operations & Sales Director

Philippa joined the Society in 1996 and was appointed an Executive in 2007. She was appointed to the Board of Directors in February 2015 as Operations and Sales Director and is responsible for operational strategy and performance as well as the Society's IT function and Lending Policy.



**Kieron Blackburn**  
Finance Director

Kieron joined the Society and the Board of Directors in February 2018, following nine years as Finance Director at Ipswich Building Society. He is a Chartered Accountant and is responsible for the Society's capital, liquidity and funding position as well as for financial reporting.

## Executives



**Gorse Burrett**  
Head of HR and People Development

Gorse joined the Society on the Executive team in October 2018. She is a chartered fellow of the CIPD and heads the HR function. She is responsible for leading, developing and implementing the Society's HR strategy. Gorse reports to the Chief Executive.



**Erika Neves**  
Head of Risk & Company Secretary

Erika joined the Society in 1991 and was appointed an Executive in 2002. She is Company Secretary, heads the Risk function and reports to the Chief Risk Officer. Erika is a graduate with the Certificate and Diploma in Mortgage Advice and Practice.



**Ian Wilson**  
Head of IT

Ian joined the Society in 2013 and was appointed an Executive in 2015. He heads the IT function and attends the Audit Committee by invitation. Ian reports to the Operations and Sales Director.

# Directors' Attendance Record

( ) = number of meetings required to attend

Director	Board	Audit	Risk	Remuneration	Nomination
<b>Peter Brickley</b>	11 (11)		4 (4)	3 (3)	3 (3)
<b>John Parker</b>	3 (3)	1 (1)	1 (1)	1 (1)	1 (1)
<b>Lee Bambridge</b>	11 (11)				
<b>Phillippa Cardno</b>	11 (11)				
<b>Roland Gardner</b>	11 (11)				
<b>Sarah Hordern</b>	11 (11)		4 (4)	1 (1)	1 (1)
<b>Tracy Morshead</b>	9 (11)		4 (4)		
<b>William Roberts</b>	9 (11)	4 (4)	4 (4)		
<b>Ron Simms</b>	10 (11)	4 (4)	4 (4)	2 (3)	2 (3)
<b>Zoe Shaw</b>	9 (11)		3 (4)		
<b>Pier Williamson</b>	7 (8)	2 (3)	2 (3)		
<b>Kieron Blackburn</b>	7 (7)				

## Directors' Remuneration Report

This report explains how the Society applies the principles of the UK Corporate Governance Code April 2016 (the Code) relating to remuneration. It also explains how the Society's remuneration policy complies with relevant regulations including the Remuneration Part of the Prudential Regulation Authority's Rulebook and the Financial Conduct Authority's Remuneration Code for dual regulated firms (SYSC 19D). The Remuneration Committee has determined that, as at 31 October 2018, all seven of the current Non-Executive Directors and the four Executive Directors, as well as four other members of senior management reporting directly to the Executive Directors, were classified as Material Risk Takers (MRTs) and subject to the Remuneration Code. The Remuneration Committee does not consider that any members of staff who are not members of the Board or the Executive management team should be classified as MRTs.

### The Level and Components of Remuneration

#### Code Principle:

*D.1. Executive Directors' remuneration should be designed to promote the long-term success of the company. Performance-related elements should be transparent, stretching and rigorously applied.*

#### Comment:

The Society's objective when setting remuneration is to ensure that it is in line with its business strategy, risk appetite and long term objectives, and that it is consistent with the interests of members as a whole. Remuneration is set at a level to retain and attract individuals of the calibre necessary to operate and meet the Society's objectives.

#### Executive Directors Emoluments

The remuneration of the individual Directors is detailed on page 24. The remuneration reflects the Directors' specific responsibilities and comprises basic salary, annual performance related pay and various benefits detailed below.

#### Basic Salaries

Basic salaries are reviewed annually by reference to jobs carrying similar responsibilities in comparable organisations and in the light of market conditions generally.

#### Performance Related Pay Scheme

The performance related pay scheme is based on the Society's key financial measures of profitability, control of costs, growth in mortgages and increases in membership. A maximum of 11.5% of salary (prior to any salary sacrifice) can be earned for achievement of these targets

together with a maximum 3.5% of salary based on personal contribution.

As a mutual, the Society has no 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 connected undertaking of the Society. Performance related payments are not pensionable and are paid in cash through payroll.

### **Benefits**

The Society makes a contribution of up to 20% of salary (before salary sacrifice where applicable) to Executive Directors' private pension arrangements. Executive Directors receive other benefits comprising private healthcare (covers the Directors and their families), death in service and income protection insurance. The Society does not provide concessionary home loans to Directors.

### **Executive Directors Contractual Terms**

Roland Gardner, Lee Bambridge, Phillippa Cardno and Kieron Blackburn each have a service contract with the Society, terminable by either party giving twelve months' notice. The Society meets contractual obligations for loss of office. Whilst the Remuneration Committee has discretion to provide better terms, this is disclosed to Members if used. An Executive Director is permitted to take on a role as a Non-Executive Director with another firm provided that firm is not a competitor and the associated time commitment can be accommodated. Any such arrangements have to be agreed in advance by the Nomination Committee. There were no new arrangements of this nature entered into during the year.

### **Non-Executive Directors**

The level of fees payable to Non-Executive Directors is assessed using information from comparable organisations. Remuneration comprises a basic fee with supplementary payments for the Chairman of the Board and the other Non-Executive Directors classified as Senior Managers to reflect the additional responsibilities of these positions. Fees for Non-Executive Directors are not pensionable and Non-Executive Directors do not participate in any incentive schemes or receive any other benefits. Non-Executive Directors have letters of appointment and these are available for inspection prior to the AGM or at the Society's registered address.

### **Other Material Risk Takers**

The Remuneration Committee is also responsible for determining the terms and conditions of other members of senior management after consultation with the Chief Executive. These are currently the Head of IT, the Head of Risk and Society Secretary and the Head of HR and People Development. These individuals are subject to the same variable pay performance targets and rewards as the Executive Directors and they also receive pension contributions from the Society of up to 15.25% of salary (prior to any salary sacrifice).

### **The Procedure for Determining Remuneration**

#### **Code Principle:**

*D.2. There should be a formal and transparent procedure for developing policy on Executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his or her own remuneration.*

#### **Comment:**

The remuneration of the Non-Executive Directors, Executive Directors and other members of senior management is overseen by the Remuneration Committee, which consists of three Non-Executive Directors and which meets three times a year. During the reporting period the composition of the Committee satisfied the Code provisions regarding independence. The Chief Executive, the Chief Risk Officer and the Head of HR and People Development attend by invitation but take no part in the discussion of their own salaries. Minutes of the Committee's meetings are distributed to all Board members.

The Remuneration Committee reviews the Society's Remuneration Policy annually and maintains a list of the Society's MRTs detailing the composition of their respective remuneration. In setting remuneration, the Committee takes account of fees and salaries payable and other benefits provided to Non-Executive Directors, Executive Directors and other senior management of building societies that are similar in size and complexity, and other relevant organisations. Periodically, a report may be commissioned from external consultants to assist in this process. The Committee did not use the services of an external consultant during the reporting period. The Committee also ensures

that variable remuneration does not undermine the objectivity of the risk and compliance functions.

### Non-Executive Directors:

The fees payable to Non-Executive Directors are proposed by the Chief Executive, taking into consideration the views of the other Executive Directors. The proposed fees are then approved or otherwise by the Remuneration Committee with the Chairman's fees being considered by the Committee in the absence of the Chairman. During the year the Chief Executive's recommendations regarding Non-Executive Director fees were accepted in full.

### Executive Directors

The performance related pay scheme is designed to encourage the achievement of key business objectives relating to a balance of financial performance, customer service and sustainable growth over a multi-year timeframe. In setting variable remuneration targets the Committee considers the balance between the fixed and variable components of remuneration to ensure that the ratio is appropriately balanced and in line with the risk profile of the Society. The Committee believes that the performance related targets set for 2018 were suitably balanced and hence risk adjusted.

The Remuneration Committee assesses whether any performance related payments should be made taking into account reports, where applicable, from the risk and compliance functions. Whilst it is not required to do so, the Committee also defers a proportion of the performance related payment to Executive Directors in order to discourage inappropriate risk taking. This is not considered necessary for the remaining members of the senior management team given that they report in to the Executive Directors.

Whilst a binding vote on Remuneration Policy is not considered appropriate for a building society of our size and nature, if more than 25% of the turnout vote against the report, the Remuneration Committee will take steps to address the concerns of the Membership.

On behalf of the Committee, I recommend that you endorse our report.

R Simms  
Chair of the Remuneration Committee  
19 December 2018

### Executive Directors' Emoluments

2018	Salary £000	Performance Related Pay £000	Taxable Benefits £000	Pension Contribution £000	TOTAL £000
Roland Gardner	229	28	3	-	260
Kieron Blackburn (appointed 12/2/18)	89	12	1	17	119
Lee Bambridge	153	18	3	-	174
Phillippa Cardno	121	18	2	25	166
<b>TOTAL</b>	<b>592</b>	<b>76</b>	<b>9</b>	<b>42</b>	<b>719</b>

### 2017

Roland Gardner	218	19	2	-	239
Lee Bambridge	174	15	2	-	191
Phillippa Cardno	111	12	2	23	148
<b>TOTAL</b>	<b>503</b>	<b>46</b>	<b>6</b>	<b>23</b>	<b>578</b>

The Executive Directors have the option to sacrifice part of their salary in exchange for the Society making additional pension contributions on their behalf. During the year Philippa Cardno took advantage of this option. Roland Gardner and Lee Bambridge, with agreement from the Society, took their pension contributions as salary.

Lee Bambridge also received £18,000 from Sovereign Housing Association for his services as a Non-Executive Director.

Further details on the components of Directors' emoluments can be found in the Directors' Remuneration Report on page 22.

**Non-Executive Directors' Emoluments  
(comprising fees only)**

	<b>2018 £000</b>	<b>2017 £000</b>
Peter Brickley (Chairman)	43	42
John Parker (Vice Chairman) (retired 28 February 2018)	11	31
Sarah Hordern	27	27
Tracy Morshead	27	27
William Roberts	27	27
Zoe Shaw (appointed 1 September 2017)	27	5
Ron Simms	32	31
Piers Williamson (appointed 1 January 2018)	23	-
<b>TOTAL</b>	<b>217</b>	<b>190</b>

Loans to Directors and connected persons:

The aggregate outstanding balance at the end of the financial year in respect of loans from the Society to Directors and connected persons was £221,892 (2017: £376,310) representing loans to one (2017: two) persons. There are no arrears or provisions relating to these loans. A register of loans to and transactions with Directors and connected persons is maintained. It is available for inspection by members at the Society's Head Office for the period of fifteen days prior to the Annual General Meeting and at the Annual General Meeting.

# Notice of the 162nd Annual General Meeting

Date: **Thursday 21st February 2019**

Time: **11:00am**

Place: **Donnington Valley Hotel, RG14 3AG**

The meeting will commence at 11.00am on Thursday 21st February 2019 for the following purposes:

1. To receive the Auditor's Report, the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31st October 2018.
2. To consider and if thought fit pass an Ordinary Resolution to re-appoint Deloitte LLP as the Society's Auditor, to hold office until the conclusion of the next AGM at which accounts are laid before the Society, and for its remuneration to be fixed by the Directors.
3. To consider and if thought fit pass Ordinary Resolutions to re-elect Sarah Hordern, William Jeremy Mostyn Roberts and Roland Martin Woodthorpe Gardner and to elect Kieron Francis Blackburn as Directors of the Board.
4. To consider and if thought fit pass an Ordinary Resolution to approve the Directors' Remuneration Report for the year ended 31st October 2018 (see f below).
5. To transact any other business permitted by the Rules of the Society.

## Voting Conditions (forming part of the Notice of the Meeting):

- a. **A Member may attend and vote at the Annual General Meeting as described above. Members must bring evidence of their Membership in order to gain admission. This must be a current passbook or mortgage statement.**
- b. A Member may appoint one proxy to attend and vote on their behalf. A Member may appoint the Chairman of the meeting or anyone else as their proxy. A proxy does not have to be a Member of the Society. A proxy may vote at the meeting, but only on a poll. A proxy must attend the meeting and bring a form of identification in order to vote on behalf of a Member. A proxy, if other than the Chairman, may not speak at the meeting, except to demand or join in a poll. A Member may instruct their proxy how to vote at the meeting by following the instructions on the Proxy Voting form. If you appoint a proxy to vote on your behalf and your proxy does not attend the meeting, your vote will not be counted.
- c. To qualify as a voting shareholding Member, you must be an individual of at least 18 years of age on the 21st February 2019; have held at least £100 in any Society share account on 31st October 2018; continue to hold shares at all times up to and including the voting date; and be first named on the account in the records of the Society.
- d. To qualify as a voting borrowing Member, you must be an individual of at least 18 years of age on the 21st February 2019; have held a mortgage with the Society to the value of at least £100 on 31st October 2018; hold a mortgage with the Society to the value of at least £100 on the voting date; and be first named on the account in the records of the Society.
- e. You may only vote once as a Member, irrespective of the number of accounts you hold, whether you hold accounts in different capacities and whether you qualify to vote as both a shareholding and borrowing Member.
- f. Resolution 4 in this Notice of Meeting relates to a resolution for Members to vote on the Directors' Remuneration Report for 2018 set out on pages 22 to 25 of this booklet. As a building society, we are not obliged to ask Members to vote on this, but in accordance with best practice we are asking for an advisory vote and the Board will consider the result and decide what action if any is appropriate.
- g. The deadline for postal or online votes is 3pm on 19th February 2019.

By Order of the Board  
Erika Neves – Society Secretary  
24th January 2019

### Notes:

The Board considers that all directors continue to have the required skills, knowledge and experience and demonstrate the necessary commitment to their roles. Biographical details of the four Directors standing for election or re-election are included on pages 20 and 21 of this booklet.

If you would like a copy of the Society's Rules or Memorandum, please visit our website at [www.newbury.co.uk/about-us/corporate-governance/](http://www.newbury.co.uk/about-us/corporate-governance/)

## Your vote is extremely important to the Society and enables you to exercise your Membership rights.

It's important that we give back to the communities in which our members and our staff live and work. From January the charities we are supporting are.

**Helen and Douglas House**  
Abingdon/Didcot branch

**St Michael's Hospice**  
Basingstoke branch

**The Countess of Brecknock Hospice**  
Andover branch

**Priors Court School (Hermitage)**  
Hungerford branch

**Alton Food Bank**  
Alton branch

**Newbury Cancer Care**  
Newbury/Thatcham branch

**Paediatric Intensive Care Unit (PICU)**  
Winchester branch

**Sue Ryder**  
Wokingham branch

**Alzheimer's Society**  
Head Office

The Society will donate 15p for every paper vote cast, 50p for every vote sent through the secure website and 50p for those attending the AGM to be split between the Society's nine community charities. We encourage you to vote, particularly through the website as this saves costs and increases the charitable donation.

## How to get to the Annual General Meeting



**Abingdon**

1 West St. Helen Street  
Abingdon-on-Thames  
Oxfordshire OX14 5BL  
01235 527750  
abingdon@newbury.co.uk

**Alton**

47 High Street  
Alton  
Hampshire GU34 1AW  
01420 84275  
alton@newbury.co.uk

**Andover**

35 High Street  
Andover  
Hampshire SP10 1LJ  
01264 361455  
andover@newbury.co.uk

**Basingstoke**

5-6 Chelsea House  
Festival Place, Basingstoke  
Hampshire RG21 7JR  
01256 816813  
basingstoke@newbury.co.uk

**Didcot**

136 The Broadway  
Didcot  
Oxfordshire OX11 8RJ  
01235 813431  
didcot@newbury.co.uk

**Hungerford**

127 High Street  
Hungerford  
Berkshire RG17 0DL  
01488 684705  
hungerford@newbury.co.uk

**Newbury**

105b Northbrook Street  
Newbury  
Berkshire RG14 1AA  
01635 522588  
newbury@newbury.co.uk

**Thatcham**

4 High Street  
Thatcham  
Berkshire RG19 3JD  
01635 864996  
thatcham@newbury.co.uk

**Winchester**

143 High Street  
Winchester  
Hampshire SO23 9AY  
01962 852716  
winchester@newbury.co.uk

**Wokingham**

19 Broad Street  
Wokingham  
Berkshire RG40 1AU  
0118 978 5945  
wokingham@newbury.co.uk

**Head Office**

17 Bartholomew Street  
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