MEMBERS' REVIEW

INCORPORATING SUMMARY FINANCIAL
STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2021

Newbury
Building Society

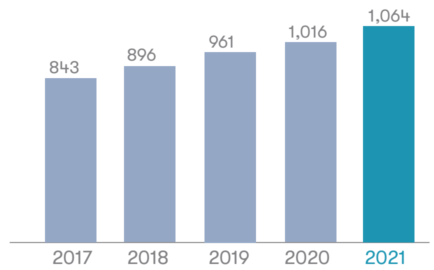
MEMBERS' REVIEW

The Directors have pleasure in presenting the Members' Review incorporating the Summary Financial Statement of the Society for the year ended 31 October 2021.

CONTENTS

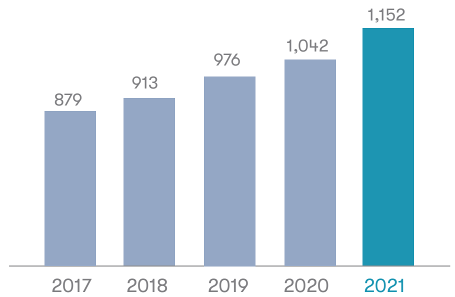
OUR PERFORMANCE HIGHLIGHTS

Mortgage balances (£ million)



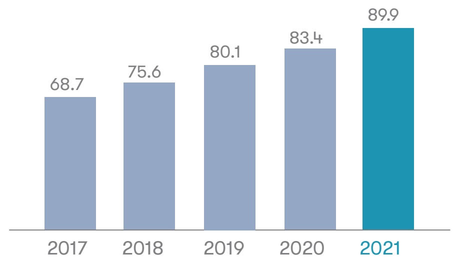
We achieved gross lending of £214m to mortgage customers (2020: £181m)

Savings balances (£ million)



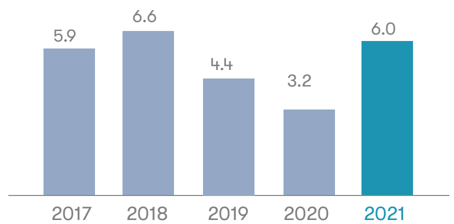
We increased savings balances by £110m (2020: £66m)

Regulatory Capital (£ million)



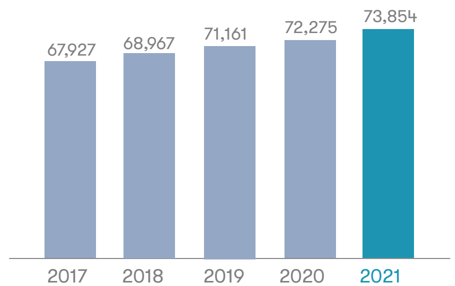
Total capital ratio increased to 20.9% (2020: 19.4%)

Profit after tax (£ million)



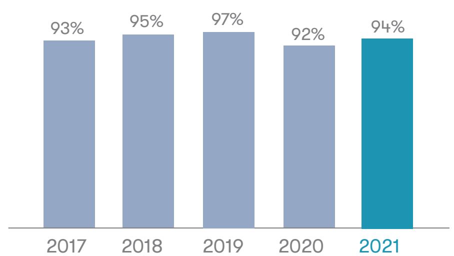
Management expenses ratio of 0.94% (2020: 0.93%)

Members



Increased member numbers by 1,579 (2020: 1,114)

Mystery shopping scores



Complaints as a percentage of members 0.07% (2020: 0.07%)

These measures are key performance indicators. For information on these measures please see page 18.

CHAIRMAN'S STATEMENT

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Members will not be surprised to read that we endorsed the existing strategy, which is to help our members build sustainable futures by being the trusted provider of savings and mortgages in our communities.

Peter Brickley
Chairman of the Board

It is with a mixture of pride and relief that I can say that despite the ongoing impact of the Covid-19 pandemic, your Society delivered another successful year in 2021, with the highlight being the blend of strong balance sheet growth and profitability, something which has characterised so many of our recent performances.

The year started inconspicuously with the second national lockdown, our branches only open in the mornings and the majority of our Head Office staff working from home, even though our new building at 90 Bartholomew Street was ready for occupation. Indeed, staff worked from home throughout most of the year, only being able to return in August, when Covid-19 conditions finally eased enough to allow it. Although our people have worked tirelessly to make working from home successful, we have little doubt that bringing employees together in our office, at least for two or three days each week, produces a better working experience for them and a better customer experience for our members. Ultimately, time will tell whether working from home is a permanent feature of work life for those that can, but after 15 months of Board meetings held by video technology, I can readily state that it was an invigorating experience in July to have the whole board around the table in person for our annual strategy day! Our new head office prepares us for the future, whereas we would have had real trepidation returning to the cramped conditions of its predecessor.

The Board undertook a full review of our strategy during the year, culminating with an agreement for our future plans in July. Members will not be surprised to read that we endorsed the existing strategy, which is to help our members build sustainable futures by being the trusted provider of savings and mortgages in our communities. In order to deliver that core aim, we specifically agreed to focus on customer value over the long term, to develop and accelerate our digital transformation, to deliver steady growth, to look after our employees and to demonstrate a community conscience.

We try hard, but we are always pleased to hear your feedback, whether positive or otherwise.

The housing market has enjoyed an astonishingly strong year given the impact of Covid-19 on the wider economy. The stamp duty holiday for property purchases up to £500k was clearly a factor, and the unusually high level of completions in June and September (the months when that benefit respectively reduced and ended) evidenced its popularity with purchasers. The national market saw house prices rising by 10%+ during the year as demand for property exceeded supply, particularly in the suburban and rural markets. When coupled to the lowest interest rates since records began, and with salaries beginning to rise, affordability for house price increases was unusually favourable.

The result of this strong market was a record lending year for us. The lending achievement was aided by the large pipeline from the previous year which had been waiting to complete at year end in October 2020 but had been delayed by Covid-19. What is noticeable about this year's performance is that enquiries and applications have both reduced in the final quarter as the housing market cools down in recognition of the potential impact of inflation and the likelihood of interest rate rises. Confidence is a fragile thing and although there has been a reduction in the forecast level of unemployment and an increase in the forecast for Gross Domestic Product, the outlook for the housing market nevertheless remains uncertain.

The savings market also proved to be stronger than we had anticipated, with the result that we had to restrict new account openings to local postcodes only. We also reduced savers interest rates modestly in April to reflect the changes being made by competitors and to help rebalance the demand for mortgages and savings. Despite the changes, savers balances increased by over £100m and with the Bank of England's Term Funding Scheme (TFSME)

also offering us the opportunity to generate low-cost funding, we ended the year with more liquidity than we would normally hold. This is planned to reduce to around 20% next year and to around 17% in the longer term.

Although there have been no new faces in the Boardroom this year, we did say farewell to two non-executive directors (NEDs) in October when Sarah Hordern and Zoe Shaw both resigned to pursue other business interests. There is no question that the time demand on non-executive directors has increased in recent years and this has been further exacerbated by Covid-19, so I thank Sarah for nearly seven years service and Zoe for nearly four years and for their valuable contributions to our progress during their time on the Board. I must add that throughout the Covid-19 period your Non-Executive Directors have kept their remuneration flat, reflecting the uncertainties we were facing.

Just after year end, we appointed two new NEDs who joined our Board on 1 November, and they are up for election at the AGM in February. Nicola Bruce is a chartered management accountant with significant NED experience across private, public, mutual and charitable sectors and Fiona Phillips is a lawyer and General Counsel for the UK Infrastructure Bank, having recently returned from Hong Kong where she was global head of digital legal for HSBC. We are delighted to have secured their services and look forward to the benefit of their wisdom and experience moving forward. We value the diversity and experience that your Board represents.

There will be two further changes to the membership of the Board in the first quarter of 2022. Firstly, as advised last year, I will be retiring following the AGM in February, having been a member of the Board for thirteen and a half years, the last seven as your chairman. I will be succeeded in the chair by Piers Williamson, who has been on the Board for four years and who will continue to lead the Society's development in the best interests of saving and borrowing members alike. Members can be reassured by the fact that Piers is a treasury and housing expert, with significant experience in our key markets, something we have already benefitted from in his four years on the Board to date.

The second change is the retirement of our Chief Executive Roland Gardner in March 2022. Roland has worked for the Society for 35 years, the last 15 as Chief Executive. He is a larger than life character who is well known throughout the Newbury business community as well as the building society sector, and who has done so much for the Society both in terms of business development and strategic advancement during his career with us. After starting as the manager of Newbury Branch, he has subsequently contributed to and has overseen much of the change which has enabled us to become one of the strongest performing societies in our peer group. Roland deserves much credit for your Society's achievements and receives our gratitude for his loyal service over such a long period. He will be missed, and we wish him all the best for a long and happy retirement.

I am though delighted to confirm that Phillippa Cardno, our Operations & Sales Director, will succeed Roland as CEO. Phillippa has worked for the Society for over 25 years and has been Roland's key support in recent years, so it is completely fitting that she should take over the CEO role and lead the Society into the next phase of its evolution and growth.

Digital transformation in financial services is the key strategic area for the Board to oversee in the coming years and there is nobody better placed to lead that transformation than Phillippa, who has had responsibility for our Technology function for 15 years and understands the complexities involved as well as the differing technologies to deliver it. Phillippa is a mortgage professional with an in-depth knowledge and specialism in affordable housing, something which enables the Society to develop the niche mortgage products which deliver what borrowers need whilst giving benefit to the membership as a whole. I am confident Phillippa will lead the Society with distinction in her new role and congratulate on her well-deserved elevation to it.

It has been my privilege and pleasure to have participated in the development of your Society; a time when the Society has doubled in size, strengthened its capital base more than twofold and developed into a community based and service oriented financial services business in which I believe we can all be proud.

On 1st November we celebrated 165 years as the Newbury. Our first AGM was in November 1857, a couple of years before Charles Darwin published his controversial Origin of Species. Then it was reported our mortgage advances totalled £840, with 57 members and a profit of £14 10 shillings. A century and almost 2/3rds later, we have over £1 billion of mortgage assets, £88m of retained profit and about 74,000 members. We must remember that many have gone before us to build this Society, and that burden passes to our successors, in whom I am confident.

Peter Brickley, Chairman
20 December 2021

CHIEF EXECUTIVE'S REVIEW

"The Society believes its purpose and role as a mutual is to lend to all types of aspiring homeowners.

Roland Gardner
Chief Executive

From a business results and development perspective, this has been another eminently satisfactory year for the Society. Given the pervading Covid-19 backdrop, the progress made is most gratifying, both in terms of developing the Society for a more digital future, as well as in terms of delivering the quality of financial results which strengthen the Society's capital base and grow the balance sheet. My executive team and indeed the whole staff of the Society have had to work hard to provide members with our usual standard of service, and despite the challenges of Covid-19, the regular feedback from you, collected independently by Smart Money People, suggests we have succeeded in doing so.

The Society's strategic plans are underpinned by a digital agenda that is member-centric, service-driven, secure, and value-focused. Over the past year we have modernised and introduced many digital services, with an emphasis of moving from traditional on-premise systems to consuming high-quality cloud partner services. Our new phone system ensures our members enquiries are routed straight to our expert customer service teams. We have introduced a digital mortgage appointment booking service that allows our members to choose a time convenient to them. Our mortgage brokers can now communicate through a live chat channel and an anti-fraud service helps reduce delay for our members while identifying questionable applications.

At work and home, we all face a heightened and relentless threat from a cyber incident. We constantly review, monitor, and enhance our defences to ensure that our members' interests are protected from a cyber-attack. We have introduced many new services over the past year to help combat this threat, including significant investment in security devices and a security partner that continually monitors our systems and reacts to any potential incident day and night.

The Society recorded pre-tax profit of £7.6m, a significant increase from the £4.1m last year and higher than we had forecast, the result of a number of favourable factors all combining at the same time. The main elements of our higher than expected profit were: the ability during the year to maintain a wider margin than we had forecast, largely due to a lack of competition in savings markets; the ability to reduce our provisioning, due primarily to the unexpected strength of the housing market; the gains made from derivatives in the run up to our year-end, due to the changed outlook on interest rates; and the disposal of our old Head Office and Abingdon branch, at higher prices than their book value. There is more detail in the Strategic Report which follows my review.

There were no changes to the Bank of England base rate during the year, although the Society did make some changes to savings rates in April as well as restricting admission of new members to local postcodes only. This action was needed to better balance the demand for savings and mortgage products, yet despite this action by the Society, savings balances increased by over £100m during the year as demand for our products remained strong throughout the year.

The Society's mortgage 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 landlords. The Society believes its purpose and role as a mutual is to lend to all types of aspiring homeowners and therefore in addition to the traditional core residential market, we also offer loans 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 and to those seeking mortgages beyond normal retirement dates.

With a large pipeline carried forward from the previous year, the Society completed a record £214m of new lending during the year, as the market defied the logic that the impact of Covid-19 should have drained it of confidence. The Society experienced unprecedented high volumes of completions in June as well as a strong month in September, as borrowers took advantage of the Stamp Duty Land Tax concessions before they were withdrawn.

Our lending growth was slightly lower than in recent years but given the stern competition for business in a finite sized market, the level of growth was strong enough to maintain our record of at least 5% mortgage balance growth in each of the last ten years. In my view it is no coincidence that those ten years overlap the period of availability of low cost funding from the Bank of England via the Funding for Lending Scheme (FLS) and its successors, the Term Funding Scheme (TFS) and the Term Funding Scheme with additional incentives for Small and Medium-sized Enterprises (TFSME). The Society has been able to offer more mortgages and more competitively priced mortgages as a result of using the schemes, and our borrowing members have been the beneficiaries of the ensuing lower product pricing. At year end the Society had outstanding borrowings of £155m under TFSME.

I am also pleased to report that the performance of the mortgage book has thus far withstood the challenges anticipated to be caused by Covid-19. As I reported last year, just over 1,000 of our borrowers (about 14% of the total) took advantage of payment deferrals as a result of the impact of Covid-19 on their finances, but I am pleased to say that virtually all have been able to resume normal payments following their 3 or 6 month deferral period, with just 20 cases who are paying on an interest only basis as a temporary forbearance measure. The arrears statistics have not deteriorated and although it is fair to say that uniquely low interest rates assist the affordability of a mortgage, it is nevertheless a comforting fact for members that our borrowers have been collectively able to withstand the stress created by lockdowns and the pandemic generally. The figures provide tangible evidence of the underlying quality of the book and the first rate calibre of our underwriting team. As a result of this, and also because of the strength of the housing market and increase in property values, the Society has been able to release £440k of its bad debt provisions this year.

Community

Despite the challenges to normal lifestyle thrown up by Covid-19, we continued throughout the year to support those who live and work in our branch communities. As a member-owned business, community is close to our hearts and we offer support not only through the products and services we provide, but also by donating our time, skills, and resources.

Our branches and head office each support their chosen charity partners through a blend of volunteering and fund raising, and the Society fund-matches the amounts raised to boost the total financial support to the community.

In total this year, the Society made donations of £63,000 (2020: £59,000) in support of local charities and community organisations.

The Society's Charity account continued to be popular, particularly in the latter part of the year following interest rate changes in April and the non-availability of several other accounts to new investors. The Society makes an annual donation of 0.3% interest to each account member's preferred charity in addition to the interest paid to our savings member. This account generated £23,828 (2020: £25,000) during the financial year, and this was split between the nine partner charities.

The Society's Community Support Scheme, which provides donations and sponsorships to community projects, supported 22 different community organisations and groups during the year, donating a total of £11,432 (2020: £9,023). These donations are aimed at improving community life within the Society's ten branch towns.

Projects which benefitted from the scheme support in 2020/21 included:

Winchester Lido Sports Association received a cheque for £500 from Newbury Building Society's Community Support Scheme.

- Winchester Lido Sports Association's historic Lido restoration.
- Be Free Young Carers, an Oxfordshire based charity who support the lives and wellbeing of young carers.
- SeeAbility, a Tadley charity who support people with learning disabilities or autism, who may also have sight loss, to purchase much-needed specialist physio equipment.
- All Yours, a charity who provide individual sanitary product boxes available for those without access to monthly sanitary products.
- Whitchurch Children's Festival.

Our employees also undertook a range of fund-raising activities during the year:

- Colleagues in our head office baked for the Macmillan Coffee Morning and held a raffle which raised £746.

Wokingham branch team completed a 5km walk around Virginia Water and raised £1,016 for their branch charity, Sue Ryder.

- Seven members of our Wokingham branch team raised £1,016 by completing a 5km Walk to Remember challenge in aid of their charity partner Sue Ryder.
- Our Alton branch colleagues raised £547 by completing a walking challenge (each walking 89.2 miles in a month) to raise funds for their branch charity, The Trussell Trust.
- Our Thatcham and Newbury branches ran a book stall in their branches and raised over £400 in donations from members for their branch charity partner Newbury Cancer Care.

The Society also provides employees with two days paid leave to support community projects of their choosing through volunteering. During the year, volunteering activities included some redecoration of facilities at Restore, a mental health charity in Didcot and a team from our Wokingham branch spent time volunteering to help preserve and manage the woodland area in Holt Copse, Wokingham.

Other events and activities undertaken in our communities included:

- In partnership with Thatcham Town Council, the Society sponsored a poetry writing competition.
- The Society was the main sponsor of the Julian House Basingstoke Big Sleep Out, an event to raise awareness and funds for the homeless in the Basingstoke area. Members of our Basingstoke branch team joined the Sleep Out on a rainy night in March.
- In January, employees from across the Society took part in an event organised by the Samaritans called Brew Monday which encourages taking time to talk to support colleagues, friends, and family. The Society donated funds to the Samaritan services which provide support to each of our branch towns.

Future

As the Society encounters a new era in the provision of Financial Services, there are more options than ever for people on how to manage their money. The Board is aware of the Society's need to embrace change by investing in its employees and technological capabilities, and members will therefore see changes and improvements in 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.

Technology acts as an enabler to our service proposition and whilst technological development will be a key focus, the Board also remains fully committed to a 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.

There are many challenges ahead for the Society as we continue to manage the impact of Covid-19 and specifically what it has done to catalyse different behaviours in the provision and consumption of financial services. The Society will continue to provide a full mortgage and savings service in its branches and we will 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.

So, as we look to the future, our digital plans seek to support members through whichever channel best suits them; be it in-branch, by telephone, online or mobile. Over the next 18 months we will be making major changes to our banking platform, which will improve our online service. We are planning a mobile app that will allow members to interact with us from the convenience of their phone. We will be updating our branch phone system to ensure calls are answered quickly by one of our colleagues. We are also considering how best to invest in a new Customer Relationship Management (CRM) system to help our teams provide members with the very best service.

The focus and importance of environmental and climate change has never been more prominent and the Board's three pillar approach to its Green ambition strategy is:

1. To minimise our own carbon footprint by improving the energy efficiency of our buildings and conserving energy through new technology;
2. To help our members lead greener lives by providing access to guidance, funding and support to help with home improvements; and
3. To support initiatives to make the homes on which we lend more energy efficient and better prepared for regulatory and environmental change.

And Finally

This is my final annual statement as your chief executive, as I will be retiring in March. I have been fortunate to have had the privilege of leading the Society for the last 15 years, a period in which we have accomplished so much. In business terms we have more than doubled our assets and our capital. In customer service terms, we have opened new branches in Basingstoke and Winchester and we have commenced our online myaccounts service. We have become increasingly involved in our communities and I hope you agree always put you the members first in our thoughts and actions.

I am the first to admit that the successes the Society has enjoyed are down to the whole Newbury team, and I have had exceptional teams past and present to work with throughout my tenure as CEO. We still have much to do, perhaps most notably in the development of our digital services, which will inevitably become the channel of choice for more members as time passes. And there is no better person to lead that transformation than Phillippa Cardno, our Operations & Sales Director, and I personally could not be more delighted that the Board has chosen to appoint her as my successor.

I am immensely proud of what the Society has achieved in the 15 years since I took over the CEO role from Nigel Fleming. My tenure started with a banking crisis and ends with a pandemic, but despite these significant distractions, the Society has developed and grown consistently over the whole period and now offers the citizens of our branch towns a choice in financial service provision denied to much of the country by the ill-fated demutualisations of the 1990's and the closure of so many bank branches in the last decade.

Roland Gardner, Chief Executive
20 December 2021

PURPOSE AND VALUES

The Society exists to help our members build sustainable futures by being the trusted provider of savings and mortgages in our communities.

We are driven by our six core values, which represent what the Society stands for and form the basis for how the Society is managed and governed. The values were developed by colleagues from across the Society and ensure the Society does the right thing by our customers, communities and people.

Strategy

The Society's long term strategy, shaped around the Society's key stakeholders, is to deliver steady and sustainable growth through:

- A focus on customer value over the long term;
- Developing and accelerating the Society's digital transformation;
- Demonstrating a community conscience; and
- Looking after our people.

Further details on how we engage with stakeholders is set out below.

Sustainability
financially secure, operationally strong and environmentally conscious

Trust
open and honest; a building society relied on since 1856

Respect
value uniqueness and treat everyone as an individual

Independence
remain member-owned for your benefit

Vibrancy
encourage a happy, healthy culture for our people to be the best they can be

Excellence
offer a first-class professional service where you are at the heart of what we do

LOOKING AFTER OUR CUSTOMERS

Support in difficult times

We began this business year much the same way we ended the last, focusing on supporting our savers and borrowers through the pandemic. Continuing to provide essential services safely in our branches and help support those isolating at home to access their money through online and telephone channels was our priority, as well as ensuring we assisted borrowers whose income continued to be impacted by the economic effects of Covid-19.

Despite the challenges, we had limited branch closures. We did however reduce branch opening hours, primarily to enable us to control employee movement across the branch network and limit infections, which would have likely resulted in more closures. Reduced opening hours meant branch teams could also help our head office teams support customers accessing online services for the first time and those in financial difficulty.

It has been a real team effort to support customers through a tough period and we are incredibly proud of our employees who worked extremely hard in challenging conditions.

Keeping standards high

In December 2020, the Institute of Customer Service (ICS) conducted their regular survey measuring the quality of customer interactions and experiences with the Society. The results were outstanding: Overall satisfaction scored 90.8, compared to the UK banks and building society average of 78.3, and our Net Promoter Score (NPS), which measures how likely a customer is to recommend an organisation, came in at 70.2, compared to the UK banks and building society average of 20.6. Of those surveyed, 9 out of 10 said they intended to remain a customer and 9 out of 10 said they intend to recommend the Society. We took the opportunity to measure the Society's response to the Covid-19 pandemic and 88% of those surveyed rated us 8, 9 or 10 out of 10.

In July 2021, we were delighted to win two British Banking Awards for “Best Building Society” and “Best Specialist Mortgage Provider”. These awards are entirely based on customer feedback, which makes us especially proud.

Responding to customer feedback

The ICS surveys are conducted every 12-18 months and not only give us quantitative insight on the quality of our service but also qualitative insight into what customers value about us and what more they would like from us. To complement the ICS surveys, we also encourage customer feedback at various touchpoints in our savings and mortgage customer journeys through Smart Money People (SMP), a ratings and review service dedicated to financial services. The qualitative feedback from the ICS and SMP, as well as root cause analysis from complaint handling, helps us prioritise our operational change, any training requirements and informs strategic business developments.

In 2020/21, customers asked us to increase online services and improve branch environment. We responded to this by:

- Launching a “test and learn” for an NBS Money app. The app has been trialled with a diverse group of savers and borrowers who helped us define what our permanent solution should look like.
- Implementing an online appointments service for mortgages. This enables customers to book appointments directly with Mortgage Advisers through our website at a time to suit them.
- Extending our video mortgage appointment service through Microsoft Teams technology. Accelerated due to the pandemic, this service is here to stay.
- Providing a live chat service to mortgage intermediaries to enhance the way we communicate with them and simplify the mortgage onboarding service for customers using this channel.
- Relocating and restyling our Abingdon Branch, the first of a full network branch refurbishment programme that will run over the next few years.

In addition, we launched our NBS rewards scheme as a thank you to members.

Placing ‘Customers First’ into the future

As we move forward, we will continue to centre our strategic plans around our customers. To grow and continue to be sustainable, we need to meet the needs of both existing and future customers. Our “Customer First Approach” supports the view that customers want to borrow and save with an organisation that understands their needs and does good in the world; delivers value through products, supported by a first-class customer service and underpinned by frictionless processes and appropriate digital solutions.

In 2021/22, our focus continues to be about striving for customer excellence across all channels – branch, intermediary and online. Our key priorities are to:

- Develop and implement a mobile app that enhances access to information and transactions.
- Refurbish another of our branches in a style that supports how customers interact.
- Launch a process optimisation program focusing on frictionless and digital solutions.
- Improve communications through branch and head office integrated telephony and live chat.
- Upgrade our core system to enable us to take advantage of new technologies to support services.

We encourage customers to continue to give us feedback. The next ICS survey will be conducted in the New Year and customers can rate and review the Society any time at www.smartmoneypeople.com.

Our members are also actively encouraged to engage with the Society through the Annual General Meeting, either in person (if taking place physically) or through voting on Board resolutions.

COMMUNITY

Engagement with the communities in which the Society operates is through a mixture of fundraising, sponsorships, volunteering and donations.

Charity partnership scheme

Under this scheme our branch charity partners are chosen and voted for by our employees and our members. Charity partnerships are typically reviewed every three years or more to build long-term relationships with these charities to enable our staff, and hopefully our members, to engage in meaningful volunteering opportunities, which will help us to raise funds and awareness.

Each year the Society organises and undertakes fund raising events in our branches and at local community events. Members are invited to participate in many of these events.

We helped Ladybirds Pre-school provide an 'enrichment day' of activities which included an Alpaca visit.

We were pleased to visit Hungerford Primary School following a £500 donation which helped purchase plants for their newly created 'mindful garden' aiming to promote mental wellbeing.

Newbury Building Society donated £500 to Loose Ends Newbury, to fund food and provisions for homeless and vulnerable people in Newbury.

Community support scheme

We are committed to giving something back to the communities in which our members and employees live and work. Each year we take part in a number of community events and help by giving donations and sponsorship to community organisations, groups and teams.

We consider applications for assistance in a number of different categories, including those that:

- Promote and encourage sporting activities;
- Promote and encourage activities in the arts;
- Support education and development; or
- Benefit the environment.

Typically award amounts are between £100 and £500.

The Chief Executive’s review on pages 7 to 10 provides more detail on the Society’s fundraising and volunteering activities and the projects which benefitted from the scheme support.

Charity account

The Society also operates a savings account where, in addition to the account holder receiving interest, the Society makes an annual donation of 0.3% interest donation to one or more of the Society’s charity partners, as nominated by the account holder. Interest is calculated on the account balance on a daily basis and paid directly to the charity annually. During the year ended 31 October 2021 this account generated £23,828 for the nine partner charities (2020: £25,000).

PEOPLE

Our employees expect to be treated with empathy, respect and fairness, encouraged and supported in their development and training and their physical and mental wellbeing looked after. The Society’s People team, working alongside other departments, have established a series of objectives in support of the Society’s wider strategy, the key principles of which are:

- Being an employer of choice;
- Encouraging and developing innovative leaders;
- Developing and empowering our people; and
- Fostering a culture of inclusion, engagement and wellbeing.

Working beyond the pandemic

Throughout the pandemic the Society has sought at all times to maintain a safe working environment for its employees whilst remaining open for business and accessible to its members. The Society responded rapidly to national lockdowns with the majority of employees adapting well to home-working. As the country emerged from lockdowns, whilst still mindful of government guidance, the Society has introduced a more hybrid and flexible way of working, with individual teams combining home working with regular periods in the Society's premises.

Learning and development

During the year we introduced a structured competency framework to support the development of performance excellence across the Society. The framework comprises a set of core and functional competencies and incorporates the behaviours set out in the Society's customer charter in support of service excellence.

We also continued with our Emerging Talent programme, originally launched in 2018, with delegates undertaking roles or projects designed to develop the necessary skills to take on new roles or increased responsibilities. Since the Scheme began, more than half of all delegates have taken up new challenges within the Society.

Supporting wellbeing

The pandemic highlighted the importance of wellbeing amongst our employees and our commitment to the health and wellbeing of our people continues to be a prime responsibility of the Society. During the year the Society has run several workshops covering physical and mental health and provides access to third party helplines for employees to confidentially discuss personal concerns. Several employees are trained mental health first-aiders.

Diversity and Inclusion

The Board has a diversity and inclusion statement which defines its commitment and goals in respect of diversity and inclusion. Newbury Building Society recognises that a quality Board is about selecting directors who think and communicate diverse thoughts, ideas and opinions and who have diverse backgrounds and education. The Board recognises the importance diversity and inclusion has on enhancing culture which directly impacts on attracting and retaining employees and members.

To support the assessment of the skills and competencies of the Board and identify any gaps and development needs, all board members contribute to a board skills matrix. The skills matrix provides a holistic understanding of the board capabilities, strengthens succession planning and ensures that any director recruitment improves the board composition by facilitating a broader range of views, experience, background and values. Directors are appointed on merit and also because they positively impact the dynamics of the current board. All candidates, irrespective of background, are always treated respectfully and inclusively.

In respect of our employees, we endeavour to develop and maintain a culture in which our people feel supported and their thoughts and perspectives are valued. Since 2014 we have conducted employee surveys which gather employee views of the executive, job satisfaction, team, working conditions and in the 2020 survey how diversity and inclusion is embedded. We currently have an employee Net Promoter Score (NPS) of +36, which has increased from +21 in 2018. NPS is a measure of employee advocacy based on the question 'would you recommend NBS as an employer to friends and family'. A positive score is considered good and a score exceeding +20 excellent.

In 2021 the Society established a Diversity and Inclusion working party sponsored by the Society's CEO. The purpose of this party is to mainstream diversity and inclusion understanding and skills across the Society, to improve the employee experience and our capacity to meet diverse employee needs.

"When you get a diverse set of individuals in every conversation and people's voices are heard, that's when you get a big transformational difference. Inclusion is a sense of belonging and not feeling that there is a club that exists that you are not part of. Most of the time what is different about us is what is best about us. It all starts with listening."

Diversity and Inclusion Working Party Statement.

The Society regularly reviews its recruitment practices and policy ensuring an inclusive and fair approach for both new and existing employees. We collaboratively refreshed our Purpose and Values during 2020 ensuring all employee views were represented. We review remuneration demonstrating how awards are allocated across employee groups. We have recently launched a competency framework to improve clarity in expected behaviours and core skills across the Society, to support consistency and ultimately to enhance succession planning. We will be enabling the production of ethnicity pay gap data in 2022 to complement our knowledge of our gender pay gap, as well as inviting employees to disclose their sensitive data so that we can better demonstrate decisions are made fairly across all employee groups.

In respect of our members, we aim to ensure product and service design meets the needs of our target market/customer base and we monitor the take up and cancellation of products and services, obtaining feedback from our customers via surveys, ratings sites and complaints. We have several measures in our conduct risk dashboard designed to test customer outcomes which are monitored closely. We record and monitor customer characteristics that may indicate vulnerability. Ongoing training and support is provided to those employees who have direct contact with these customers. Our efforts to embed inclusion within our culture by bringing to life our core values of vibrancy and respect positively impact customers, creating open and transparent conversations across all employee groups at all levels. By delivering and receiving feedback as part of ongoing communication, we encourage creativity to continually develop the customer experience.

REGULATORS

Regulators expect the Society to act within the law and regulation at all times, in the interests of customers and with integrity and transparency. The Society considers that it adheres to the highest level of governance with the Board and other members of senior management maintaining open and transparent relations with the industry regulator and appropriate trade bodies. Regulators also expect the Society to be financially strong and maintain adequate levels of capital and liquidity.

SUPPLIERS

The Society would not be able to serve its members without the help and support provided by third party suppliers, which includes brokers and industry bodies. Our suppliers expect us to be simple and straightforward to deal with and deliver a friendly and efficient service. Engagement with suppliers can take many forms including through specialist relationship teams as well as the more typical form of telephone calls and written communications. Wherever possible the Society will seek to select suppliers that are local to the communities in which the Society operates, can be trusted to operate to the standards expected by the Society and that share and embody the Society's core values.

Over the course of the financial year the Society has purchased goods and services from 271 suppliers with values ranging from less than £10 to over £841,000. It is the Society's policy to pay suppliers within agreed terms providing the supplier performs according to the terms of the contract or agreement. The number of creditor days at 31 October 2021 was 13 (2020: 7).

ENVIRONMENT

In 2019 the Prudential Regulation Authority (PRA) published Supervisory Statement 3/19, "Enhancing banks' and insurers' approaches to managing the financial risks from climate change". Since then the Society has committed itself to better understand the risks posed by climate change.

A summary of progress and our future ambitions is shown below.

Governanace

Progress made

- Climate change has been embedded into Senior Management Functions, with the Finance Director having principal accountability for the development and implementation of governance arrangements and for progress of the Society's Green ambition.
- Climate change risk is considered as part of regular discussion of top and emerging risks by the Executive management, Risk Committee and Board.

Future plans

- Continue to develop Board and Executive knowledge and awareness on climate change issues.
- Develop climate-change reporting capabilities and disclosures including base case data on energy usage.
- Consider and embed climate change risk in all policies where appropriate.

Strategy

Progress made

The Board has identified that the primary risk associated with climate change is that properties held as security become uninsurable or unmortgageable due to the impact of climate change. In 2020 the Society commissioned an independent assessment of the Society's loan portfolio which identified that, whilst the greatest risks were considered to be flood risk and subsidence, this only applied to c1% of the Society's mortgage assets. The Board considered that this did not pose a material risk to the Society and required no change to the Society's lending activities.

However, the Society aspires to be a sustainable business which works in a socially responsible and environmentally friendly way by minimising our carbon footprint and helping our customers and communities live more sustainably. We understand that our operations have an impact on the environment and have identified three areas of strategic focus to realise our environmental ambition.

We will seek to	How
Minimise our own carbon footprint and find ways to offset the emissions we are unable to reduce	• Improving the energy efficiency of our buildings • Conserving energy through new technology • Using alternative sources where possible • Reducing the usage of paper, water and plastic • Reducing waste
Help our members live more sustainably, particularly in respect of the homes which we help to finance	• Provide access to guidance, funding and support to help with home improvements • Work with the Building Societies Association task force to provide access to information and resources
Support our branch communities in developing and achieving their environmental goals	• Support initiatives to make homes on which we lend more energy efficient • Assess and take action to mitigate the impacts on properties considered most at risk through new products, policies and homeowner support

Over the course of the financial year the Society has completed several actions to improve energy efficiency and reduce wastage across the Society, these include:

Energy and water usage

- Installed LED lighting across our Branch network and Head Office.
- Introduced occupancy lighting sensors at Head Office.
- Installed smart electric meters at our branches with energy use monitored on a monthly basis.
- Introduced sensors to taps at Head Office.
- Installed four new electric car charging stations at our Head Office.

Waste management

- Recycle all of our confidential waste material.
- Introduced mixed re-cycling points at Head Office and branches.
- Use follow-me printing to reduce any unnecessary printing.

Materials

- Removed the use of plastic cups from all of our employee and customer water coolers.
- Removed all plastic coverings from our passbooks.

Products and lending

- Launched a GoGreen Further advance mortgage.
- Launched a GoGreen Reward on our self-build mortgage product.

Future plans

The Society has a long term aspiration for its operations to be carbon neutral and has established a comprehensive programme of activities aimed at delivering our green ambition, including:

Society	Members	Community
Establish targets and methodologies for measuring emissions	Provide information on improving EPC ratings	Funding a Green Education programme for local secondary schools
Identify activities to reduce waste, water and energy usage	Product development	Sustainability projects
Embed "green" considerations in all appropriate policies	Long term improvement in the energy efficiency of properties funded by a mortgage from the Society	

Risk management and Scenario analysis

Progress made

As outlined above, the Society commissioned externally sourced expertise to model the physical and transitional risks associated with climate change on the Society's mortgage assets. The exercise modelled the impact of climate change by 2050 in a high emissions scenario with the results factored into the Society's annual assessment of capital adequacy.

The Society is increasingly mindful of climate change risk when making business decisions and has factored consideration of climate change risk into mortgage underwriting decisions.

Future plans

The Society intends to repeat this exercise periodically in subsequent years and report on any trends.

Emissions

The Society is committed to identifying and reducing its energy consumption and emissions and intends to expand the collection and monitoring of emissions related data. In respect of the year ended 31 October 2021 the Society's carbon dioxide emissions are as follows:

Scope		tCarbon as tCO2e
1 - Direct emissions	Natural gas consumed and travel with company owned vehicles	45.3
2 - Indirect emissions	Purchased electricity for own use	87.6
3 – Indirect emissions	Water consumption, employee business travel and contractor owned vehicles	49.0
Total scopes 1,2 and 3		**181.9**

Figures for carbon emissions have been calculated by reference to:

Electricity and gas usage: Kilowatt hours consumed from meter readings

Travel: Business miles travelled by size of vehicle and fuel used

Water consumption: Consumption in cubic metres from meter readings

The Society expects to report on this data annually however comparison with data for the year ended 31 October 2020 has not been provided as this would not be fully representative of the Society's operations going forwards as it does not include data where employees have been working from home and therefore would have been impacted by shifts in working patterns due to the pandemic.

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 1 February 2022 or can be downloaded from **www.newbury.co.uk** from 4 January 2022.

In a year in which the pandemic continued to impact all areas of the business we welcomed more new members to the Society and saw members entrust the Society with an additional £110m of savings and deposits. We continued to invest in the Society, relocating our branch in Abingdon and completing the move to a modern Head Office in Newbury.

The Society's financial performance was significantly better than plan, reflecting business conditions more favourable than anticipated. As a mutual, the Society has no shareholders and does not need to maximise profits. Our objective is to balance the requirements of offering attractive rates for savers and competitive rates for borrowers with ensuring sufficient profits are generated to both maintain the Society's strong capital position and to continue to enable investment in the Society's capability and infrastructure.

Profit after tax of £6.0m compares with £3.2m the previous financial year represents a strong performance and underpins the financial resilience and strength of the Society.

		2021	2020
Balance sheet	**Assets**	£1.40bn	£1.23bn
	Loans to Customers	£1.06bn	£1.02bn
	Retail Shares and Deposits	£1.15bn	£1.04bn
Operating performance	**Management Expenses** as a % of Mean Total Assets	0.94	0.93
	Interest Margin as a % of Mean Total Assets	1.37	1.43
	Mortgage Arrears - on accounts two months or more in arrears	£0.15m	£0.17m
	Profit After Tax	£6.0m	£3.2m
Financial strength	**Regulatory Capital**	£89.9m	£83.4m
	Total Capital Ratio	20.9%	19.4%
	Liquid Assets as a % of Shares and Borrowings	24.5%	17.5%
Members	**Members** - numbers	73,854	72,275
	Mystery Shopping - % score achieved	94%	92%
	Complaints - as a % of members	0.07%	0.07%

Net interest income

Net interest income increased to £17.9m (2020: £16.4m) as the reduction in interest received was smaller than the reduction in the level of interest expense. Interest received fell to £25.2m (2020: £26.7m) as a 7% growth in average mortgage assets was more than offset by the full year impact of the Society's decision to lower its mortgage standard variable rate in response to the reduction in bank rate (to 0.1%) announced in April 2020. The Society also experienced an increase in the net cost of derivatives hedging fixed rate mortgages as the variable rate of interest received from the derivatives reduced in line with the decline in bank rate.

Interest expense fell to £7.2m (2020: £10.3m) as a result of a full year impact of the reduction in savings rates announced in April 2020 and a further reduction in the rates payable on certain savings accounts announced in April 2021 to balance the net flow of deposits.

Net interest margin

The Society's interest margin reduced during the year falling by 0.06% to 1.37%. The Board seeks at all times to take a balanced view of the needs of borrowing and savings members. Mortgage pricing continued to come under pressure during the year as the market adjusted to lower interest rates and through increased and concentrated competition following a return to normal operating conditions as the UK economy opened up and activity increased with the introduction of government initiatives aimed at supporting the UK housing market.

Increased swap costs and a reduction in the rates earned on the Society's liquid assets, both referred to above, also contributed to the reduction in net interest margin.

On the liability side we continued to offer competitive rates of interest to members whilst balancing the funding requirements of the Society.

Maintaining margin remains an important element of the Society's financial strategy. The Board anticipates margin will remain under threat through a continuation of pressure on mortgage pricing and its future plans take this into account.

Other income and charges

Other income and charges comprise fees and charges not accounted for within the Effective interest rate (EIR) methodology and bank charges. Also included within this heading are fair value gains on derivative financial instruments of £1,526k (2020: fair value losses of £160k).

Derivatives are used solely for risk management purposes and are an important tool for managing exposure to changes in interest rates from the Society's portfolio of fixed rate mortgages and savings products. The Society's derivatives are all economic hedges with the majority in qualifying hedge accounting relationships however, hedge accounting does not remove all volatility.

During the year ended 31 October 2021 the Society transitioned the benchmark reference rate of its portfolio of derivatives from LIBOR to SONIA in advance of the expected cessation of LIBOR in December 2021. Towards the end of 2021, as markets reacted to the increased risk of inflation and captured the prospect of earlier and faster increases in bank rate, increases in SONIA positively impacted the valuation of derivatives not in a qualifying hedge relationship.

These movements represent timing differences and are expected to reverse over the remaining life of the derivatives and be reflected in lower net interest charges in future periods.

Management expenses

Management expenses comprise staff costs together with all other costs and overheads necessary for the Society to function. Together with depreciation and amortisation they comprise the total operating costs for the Society.

The Board fully recognises that controlling costs is vital for the Society's competitive position in the marketplace. At the same time it is strategically critical to continue to invest to ensure the sustainability and safety of the Society and to meet competitive challenges.

Management expenses increased by £1,065k (9.5%) during the year.

Administrative expenses increased by over £0.6m. Expenditure on IT services increased by £0.3m driven by higher costs of operational resilience and cyber security. The Society also experienced modest increases in almost all other costs as the Society completed activities it was unable to progress in the previous financial year due to the enforced national lockdown in response to the Covid-19 pandemic, most notably investments in the branch network. Administrative expenses also includes a gain of £81k in respect of the disposal of the Society's former branch premises in Abingdon partially offset by the write off of property, plant and equipment assets disposed of with the sale of the Society's former Head Office.

The increase in depreciation and amortisation for the year reflects the expected increase in annual charges for property following the Society's move to its new Head Office premises in November 2020 and, to a lesser extent, the investment made in the Society's relocated branch in Abingdon. It also includes a total impairment charge of £306k made in respect of an unoccupied portion of the Society's head office which is available for commercial rental and one other of the Society's freehold branch premises.

The increase in total operating costs was broadly proportionate to the Society's growth in assets representing 0.94% of mean total assets (2020: 0.93%).

Loan impairment

The Society maintains an appropriate provisioning policy designed to protect against difficulties in the housing market and makes provision for any estimated losses resulting from loans that are impaired on either an individual or a collective basis. For the year ended 31 October 2021 there was an impairment credit of £440k (2020: Impairment charge of £752k).

The total amount set aside for loan impairment has reduced, despite mortgage asset growth of £54m (5.4%), due principally to a combination of increased house prices and an improvement in both the underlying arrears performance of the Society's mortgage assets (covered in arrears section) and a reduction in amounts set aside in the previous financial year to cover uncertainties caused by Covid-19.

Since March 2020, and throughout the financial year ended 31 October 2021, the Society has been assisting and supporting its members impacted by the Covid-19 pandemic. This included offering payment deferrals to borrowers experiencing or reasonably expecting to experience payment difficulties because of Covid-19, unless it was considered by the Society and agreed by the borrower that another option would be in the borrower's best interest, initially assisting over 1,000 borrowing members requesting a payment deferral. The Society was able to further support these customers and, where necessary, work through their personal circumstances, with the large majority being in a position to return to fully servicing their mortgages.

At 31 October 2021 there were 34 accounts (2020: 114) where clients were benefitting from a forbearance action such as temporary interest only concessions, payment plans or reduced payment concessions, which previously included members subject to Covid-19 related payment deferral arrangements. Forbearance cases represent total outstanding capital balances of £4.9m (2020: £17.8m).

Arrears management

Mortgage Arrears

The value of arrears for cases more than two months in arrears decreased from £0.17m to £0.15m with the number of borrowers in this category decreasing from 47 to 42 accounts. There were seven cases in serious arrears of twelve months or more at our year-end (2020: nine cases). The total amount of arrears outstanding on these accounts was £65k (2020: £37k) and the aggregate balances were £555k (2020: £474k).

The Society's arrears and possession statistics remain low for the industry as a whole. The low arrears level is reflective of the macro-economic environment, with ongoing low mortgage rates assisting customers with their repayment obligations. However, the position also reflects our low risk business model and prudent underwriting approach. We always seek to ensure that customers can afford to meet their mortgage repayments from the outset and throughout the full duration of their mortgage term. It is this approach that has ensured arrears levels have remained below industry average and demonstrates the effectiveness of good quality counselling and the quality of underwriting processes over many years.

At 31 October 2021 the Society had no properties in possession (2020: two).

Taxation

The Society's corporation tax charge for the year ended 31 October 2021 of £1,635k (2020: charge of £842k) represents an effective rate of 21.4% (2020: 20.7%).

Assets

Total assets increased by 13.6% (2020: 3.8%) and at 31 October 2021 stood at £1,401m driven by a £48m increase in loans and advances to customers and a £120m increase in liquidity following growth in retail deposits and the final, planned drawdown of long term wholesale funding from the Bank of England.

Liquid assets

Liquid assets comprise cash and other high-quality liquid assets as shown on the statement of financial position. The Society maintains a prudent level of liquid assets of appropriate quality, to meet its financial obligations as they fall due, under normal and stressed conditions.

Total liquid assets increased to £319.9m (2020: £199.6m) reflecting the significant increase in customer savings and deposit balances together with the final drawdown of funds from TFSME. Liquid assets are almost entirely held in the form of deposits placed at the Bank of England with £314.0m on deposit at 31 October 2021 (2020: £182.0m). As a percentage of shares and borrowings liquid assets increased to 24.5% (2020: 17.5%).

The two key measures of liquidity introduced under CRD are the Liquidity Coverage Ratio ('LCR') and Net Stable Funding Ratio ('NSFR'). As at 31 October 2021 the Society had an LCR of 372% (2020: 263%) and a NSFR of 154% at the quarter ended 30 September 2021 (2020: 153%), both measures significantly in excess of the minimum regulatory requirement of 100%.

Loans and advances to customers

The Society's portfolio of loans and advances comprise almost entirely owner-occupied mortgages, including shared ownership and buy-to-let mortgages. Gross lending of £213.7m significantly outperformed the £180.8m achieved in the year to 31 October 2020, a year heavily interrupted and impacted by Covid-19, and sees the Society return back to the growth trend over the previous five years.

A continued focus on retention activities helped the Society report net lending of £54m (2020: £55m). Stated after the impact of mortgage repayments, voluntary redemptions and other movements, loans and advances to customers net of provisions and other interest rate and fair value adjustments totalled £1,064.4m (2020: £1,016.0m).

Strong demand for the Society's range of standard residential owner-occupied products and affordable housing products accounted for 87% of gross lending and 90% of net lending.

The Society's book remains very high quality with an average indexed loan to value of 30% (2020: 32%) with less than 0.9% (2020: 2.1%) of the balances in the book more than 80% of the current indexed value of the properties on which their mortgages are secured. The Society's lending continues to be focused on its core operating areas with over 73% of the mortgage assets within the South East and London geographical areas (2020: 75%).

Shares and deposits

Retail savings and deposits continue to be the cornerstone of our funding and it remains a strategic priority of the Society to continue offering a range of good quality savings products paying competitive rates of interest relative to available market rates.

During the year ended 31 October 2021 retail savings and deposit balances increased by £109.6m (2020: £66.1m) taking the Society's total shares and deposits balances to £1,151.7m (2020: £1,042.1m), with the Society's ISA products, Senior Saver and Existing Member Account demonstrating their continued popularity. This represented significantly higher growth than planned for and was considered as representative of the more widespread impact of Covid-19 as the personal finances of many members were boosted by reductions in spend on discretionary items. All new lending undertaken in the year was funded by new deposits.

With no further amounts able to be drawn from TFSME the Society expects to grow its stock of shares and deposit funding to fund planned mortgage growth over the medium term and in preparation for the planned and gradual repayment of amounts borrowed from the Bank of England (see below).

Wholesale funding

It is critical that the Society maintains access to funding from non-retail sources. The Society remains an active participant in the Bank of England's Sterling Monetary Framework ("SMF") which supports liquidity risk management within the Society, provides greater funding certainty and supports the overall cost of funding, all of which benefits members.

On 11 March 2020 the Bank of England launched the Term Funding Scheme with additional incentives for SMEs ("TFSME"), providing four-year funding – subject to meeting certain criteria – at interest rates at or very close to Bank Rate. TFSME replaced the previous "Term Funding Scheme" ("TFS") under the terms of which the Society had £96.4m outstanding at 31 October 2020. During the year ended 31 October 2021, having successfully applied to join TFSME, the Society refinanced its TFS borrowings onto TFSME and accessed an additional £58.6m before the Scheme closed on 31 October 2021. This additional borrowing, which matures in October 2025, will be used to support planned growth in lending.

The Society also accesses funding from other financial institutions and local authorities with typical repayment profiles of up to one year however, following the growth in retail balances and availability of longer term funding under TFSME, the Society had no requirement for such funding (2020: £5m) and repaid all amounts due during the year.

Capital

Capital consists of the Society's reserves plus collective provision balances, less intangible asset balances which are required by capital regulations to be deducted from capital. The minimum level of capital required to be held is set by the Prudential Regulation Authority (PRA). 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 page 23) and safeguards member funds. Given the continuing emphasis on high quality capital by world banking authorities, the Board sets a strategy to ensure that capital is maintained at an appropriate level to cater not only for its day to day business needs but also for significant stresses in the marketplace. The strong financial results reported for the year ended 31 October 2021 have contributed to an improvement in capital.

After regulatory deductions, the Society's regulatory capital stood at £89.9m at 31 October 2021 (2020: £83.4m).

A measure of capital strength commonly reported amongst financial institutions is the Common Equity Tier 1 (CET1) ratio. This ratio signifies the relationship between our strongest form of capital (accumulated profits held in reserves) against assets, weighted by the level of risk they are considered to carry. The Society's CET1 increased from 19.1% at 31 October 2020 to 20.5% at 31 October 2021. The Society's leverage ratio - the ratio between Tier 1 capital and total on and off-balance sheet exposures - decreased to 6.3% at 31 October 2021 (2020: 6.6%).

Outlook

The UK economy has performed significantly better than originally forecasted, with unemployment not reaching the expected peaks, widespread increases in house prices and a recovery in reported GDP. However the outlook continues to remain uncertain with signs of a slowdown in economic activity coupled with expectations of a period of higher inflation, driven by shortages in both labour markets and supply chain constraints.

The Coronavirus Job Retention Scheme ("furlough scheme") and mortgage payment deferrals were two key government policy initiatives that supported the UK economy, and in particular the housing market. With both schemes only recently withdrawn the longer term effects on the UK economy may not have fully materialised, with the increased risk of increased unemployment leading to mortgage payment difficulties and associated repossession action across the market and, ultimately, a fall in house prices.

The uncertain conditions can be expected to impact financial performance for the financial year ending 31 October 2022. The Board remains confident in the quality of the Society's lending and does not expect significant losses to emerge, however short term profitability could be impacted by a requirement to make additional impairment charges.

Financial markets are also expecting interest rates to increase from their present historic low. Whilst the Society is well placed to respond to any such increases, if coupled with an economic downturn, such increases could impact on mortgage affordability. The Society also expects, over the medium term, further increases in funding costs as the Society competes for a greater share of retail deposit balances.

Cost inflation is also anticipated for the forthcoming financial period, particularly in respect of employee-related expenses and energy costs, which can be expected to impact profitability at least in the short term.

Covid-19, and the potential economic consequences for the Society, has been a Board topic throughout the year with the Society's stress testing activities and assumptions updated to use a range of possible outcomes. The Board considers that the Society's strong capital position and liquidity offers protection against even the most severe economic downturn. Competition is expected to remain intense and come from a mix of established organisations, challenger banks and FinTech firms and potentially compound risks to margin and costs as a result of need to accelerate and increase investment in technology.

The Board continues to believe that a successful future lies ahead for the Society as an independent, branch-based, technologically enabled and vibrant mutually owned business and has a programme of investments planned for these areas over the coming financial years.

Risk management framework

The Society operates in a business environment that contains a wide range of financial and non-financial risks which are managed under the Risk Management Framework (RMF). The RMF documents the Society's formal structure for managing risk and the Board's risk appetite.

The Board is ultimately responsible for the effective management of risk. The RMF, including the risk appetite statement, and principal risk policies are approved by the Board following a review and recommendation by the Risk Committee. The Board delegates oversight of the implementation of the RMF to the Risk Committee. The Chief Risk Officer, who is an Executive Director on the Board, oversees the effective implementation of the RMF, including the review of risks and uncertainties in the business.

The Society adopts a three lines of defence model which ensures a clear separation between the ownership and management of risk and controls (first line), oversight, support, and challenge (second line) and internal audit assurance (third line).

Risk governance arrangements

The Board approves the policies which set out how the principal risks are managed. The Risk Committee's terms of reference detail which policies are reviewed before recommendation to the Board for approval. These policies relating to credit risk, liquidity risk and financial risk management are reviewed and approved by the Board at least annually.

Each principal risk has a Risk Owner within the Society and there are Risk Champions in each business area to support the effective operation of the RMF.

Risk culture

The risk culture is normal behaviour exhibited by all employees regarding risk awareness, risk taking, risk management and treating customers fairly.

The Board sets the tone from the top with Risk Owners and Risk Champions implementing this tone throughout the Society. The overall tone set by the Board is underpinned by various policies and these policies enable Risk Champions, and their teams, to disseminate the Society's culture and values across all areas of the business. The Risk team conduct an annual risk culture assessment which is reviewed by the Risk Committee and, where considered necessary, actions are implemented.

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 and remain unchanged from last year.

The Society has a cautious risk appetite across all its principal risks. The Risk Committee reviews both the key risk indicators for each principal risk and the output from a range of stress and scenario testing on a regular basis to ensure that risk levels remain within the Society's agreed risk appetite. The Society maintains strong levels of capital and liquidity to provide financial resilience.

Strategic risk

Strategic risk is the risks resulting from the Society's strategic decisions which have the potential to reduce the Society's profit levels and contribution to capital, thereby threatening the financial strength of the Society.

In particular, it is the risk on the Society's business model and strategic objectives as a result of macroeconomic, regulatory, political or other factors.

Mitigation

The Board will not seek out strategic options which have a potential to create losses to capital, although will consider options that could result in reduced profit in the short to medium term provided that the capital ratio remains within appetite.

During the year, the Board has undertaken a full review of the Society's strategy. The updated strategy is reflected in the Society's latest corporate plan which was reviewed by the Board and Risk Committee to ensure it meets the agreed risk appetite.

Credit risk

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

Mitigation

Mortgage credit risk is controlled in accordance with the Board-approved Lending Policy which is aligned with a cautious risk appetite. Lending is done on prudent terms, is maintained within carefully controlled limits and is subject to regular Credit Committee and Board reviews. The Board reviewed and updated the Lending Policy during the year to ensure the risk profile of new lending remains within the cautious risk appetite.

Whilst the policy allows lending in a limited number of niche areas which may be considered to have a greater degree of risk, this is mitigated by the fact that these are areas where the Society either has significant experience or has set non-material limits. In addition, each mortgage application is carefully underwritten by an experienced team.

Counterparty credit risk is controlled through adherence to the Board-approved Treasury Policy which reflects a cautious risk appetite. It is regularly reviewed by the Assets & Liabilities Committee with oversight by the Risk Committee. The Policy defines prudent limits, relating to quality and quantity, on credit exposures to single counterparties and groups of counterparties.

The counterparty limits are developed predominantly by reference to credit ratings and other market data and any new counterparties are approved by the Assets & Liabilities Committee in accordance with the Treasury Policy.

Liquidity risk

Liquidity risk is the risk of the Society failing to meet its financial obligations as they fall due, ultimately 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.

Mitigation

The Liquidity Policy is contained within the Treasury Policy, which is reviewed by the Assets & Liabilities Committee and the Risk Committee, and annually approved by the Board. Liquidity is maintained within the Board-approved risk appetite limits.

Regular stress tests are conducted which help to determine the level of liquidity required to withstand all reasonably foreseeable liquidity stresses. The Society also has a contingency funding plan in place to manage sudden or extreme outflows. The results of stress testing and the liquidity position are reported to the Assets & Liabilities Committee and the Risk Committee.

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. Basis risk is the risk that assets and liabilities re-price on a different basis as interest rates change.

Mitigation

Market risk is controlled by setting Board-approved limits to control non-administered business (e.g. fixed rate mortgages) therefore ensuring most assets are on an administered interest rate. To mitigate the risks associated with non-administered assets, hedging contracts are used in accordance with the Board-approved Treasury Policy. Market risk is regularly reviewed by the Assets & Liabilities Committee.

Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes or systems, human error, or external events. Therefore, operational risks can potentially arise from all the Society's activities, across all business areas.

Mitigation

The Society has robust processes and controls in place for all operational areas, which are designed to mitigate this risk and the Society uses software to help manage the risk by providing a single source of data for risk events, actions, horizon scanning and controls testing.

Whilst effective operational risk management will help to mitigate the likelihood and impact of operational risk, it is not possible to eradicate the risk. To ensure operational resilience, the Society protects against disruption resulting from operational risk events (such as cyber or data loss) by having controls in place to reduce risk exposures (prevention), having clear tolerances on what can be absorbed and having actions in place to respond beyond these points (response), and having clear plans and arrangements in place to respond to and recover from incidents and to learn and adapt from operational disruption (recovery). A range of metrics and risk limits are used to monitor the Society's ability to recover from an operational risk event in line with the defined risk tolerances for key business services.

The Board is aware of the significant operational issues that have occurred in other businesses, particularly relating to cyber attacks. The security of systems has been a key focus in recent times, with ongoing developments to ensure that we continue to meet best practice requirements. Over the past year the Society has strengthened its cyber security position, including engaging with a new security provider for increased monitoring and threat prevention.

The Operational Resilience framework, which includes the Operational Risk and Resilience Policy, the Business Continuity Plans and the Third Party Arrangements Policy, is reviewed by the Operational Resilience Committee. The Executive Committee and Risk Committee receive management information relating to operational risk and resilience. The Audit Committee is responsible for assessing the effectiveness of the system of inspection and control. The Operational Resilience Framework continues to be enhanced with the objective of meeting the new regulatory requirements effective from March 2022.

Legal and Regulatory risk

Legal and Regulatory risk is the risk of fines, public censure, limitations on business or restitution costs arising from failing to understand, interpret, implement, and comply with legal and regulatory requirements.

Mitigation

Legal and Regulatory change is closely monitored and reported to the Executive Committee and Board. Horizon scanning for legal and regulatory change is well embedded to ensure timely changes are made to any announced changes of law or regulation.

Conduct risk

Conduct risk is the risk of developing systems, behaviour and attitudes within the Society which do not deliver fair customer outcomes, or which create an environment which does not result in staff being open, honest, and doing the right thing. This can result in the risk of reputational loss, customer redress or regulatory fines.

Mitigation

The Society is committed to treating customers fairly and this is underpinned by the Society's Conduct Risk Framework, which is regularly reviewed. The Customer Committee monitors conduct risk at an operational level, with oversight provided by the Risk Committee. Over the past year the Society has continued to support borrowers affected by Covid-19 with payment deferrals and other types of forbearance. Customers are invited to leave feedback via Smart Money People, and this is regularly reviewed and acted upon to ensure customers continue to receive high levels of service and good outcomes. In 2022 the Society will seek to renew its Institute of Customer Service accreditation.

Risk Outlook

Covid-19

Covid-19 had a significant impact on the economy from March 2020, with falling levels of GDP and rising unemployment, although from the middle of 2021 there was a significant recovery. As highlighted in last year's accounts the consequences of the pandemic potentially could have had a material impact on a number of the Society's principal risks, namely strategic, credit, market and operational. Throughout the last year these risks have not developed in any material way. Whilst there continues to be the possibility of an impact, for example due to the removal of the Government support schemes, future lockdowns/restrictions or stagflation, the Society has undertaken rigorous stress-testing of the potential outcomes, the results of which show that it has sufficient capital resources to withstand a range of severe stress scenarios.

Senior Management changes

The Society Board Chair and Chief Executive are both retiring in 2022 which potentially presents a continuity risk to the business. This is mitigated by the fact that the new Chair and Chief Executive are both existing Board members. The new Chief Executive, Phillippa Cardno, has been an Executive Director since 2015 and has held a number of senior management positions within the Society. The Chair-elect, Piers Williamson, joined the Board in 2018 and he currently chairs the Society's Risk Committee and is a member of the Remuneration and Nomination Committees.

Emerging risks

Emerging risks are threats for which the potential impact upon the Society is not yet possible to reasonably assess. Timely identification and monitoring of these emerging risks can enable the Society to take steps to begin to mitigate against the emerging threat. The Society has identified a number of risks which may have a future impact on the Society. These include climate change (see below), building material issues with mortgaged properties and changes to the shared ownership model that have been introduced. These risks will be transitioned into active risk management if they develop to a state where they can be reliably assessed.

Climate change

The Society also recognises the risks and challenges posed by climate change. While the financial risks from climate change may only crystallise in full over longer time horizons, they are becoming apparent now. The Society particularly recognises two risks: physical and transitional. Physical risks relate to specific weather events such as flooding, or longer-term events such as rising sea levels. A key element of this risk is to property, both the Society's own properties and properties held as security for lending. In 2020, the Society commissioned a report to assess the risks to the mortgage portfolio from climate change, this did not highlight any concerning areas of risk within the portfolio. Transition risks can arise from the process of adjustment towards a low-carbon economy. This could lead to a changing regulatory expectation in terms of the way the Society is expected to run its own business, including who it uses as suppliers. It may also impact property held as security, for example the energy efficiency expectations of mortgaged properties. The Society is increasingly mindful of these risks when making business decisions, including mortgage underwriting ones. The Finance Director has responsibility for monitoring climate change risk at an operational level, with oversight provided by the Risk Committee.

Directors

The following served as Directors of the Society during the year and to the date of this report.

Non-Executive directors	
Peter Brickley	Chairman
Chris Brown	
Nicola Bruce	Appointed 1 November 2021
Sarah Hordern	Resigned 31 October 2021
Fiona Phillips	Appointed 1 November 2021
William Roberts	
Zoe Shaw	Resigned 5 October 2021
Alistair Welham	
Piers Williamson	

Executive directors	
Roland Gardner	Chief Executive
Lee Bambridge	Chief Risk Officer
Phillippa Cardno	Operations & Sales Director
Darren Garner	Finance Director

Biographies of the Directors appear on pages 30 and 31 and their attendance at meetings of the Board and Board Committees is set out on page 32.

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. There are no Directors' indemnities.

In accordance with the requirements of the new Corporate Governance code, to which the Society has due regard, all the Society's Directors are seeking re-election to the Board at the Annual General Meeting with the exception of:

1. Peter Brickley, who retires from the Board on 23 February 2022; and
2. Nicola Bruce and Fiona Phillips who are standing for election, having both been appointed to the Board since the last AGM.

Other Matters

Creditor Payment Policy

Information provided on page 15.

Charitable donations

During the year charitable donations of £63k were made to a number of organisations (2020: £59k).

Political Donations and Gifts

The Society has not made any political gifts or donations in the year to 31 October 2021 (2020: £nil).

Events since the Year-End

The Directors do not consider that any event since the year-end has had a material effect on the financial position of the Society as disclosed in the Annual Accounts.

At the date of signing these financial statements all devolved governments of the UK had introduced specific measures aimed at slowing the spread of a new variant of Covid-19, Omicron, including a nationwide vaccination booster programme for those eligible to receive it. Whilst the specific measures do not currently extend to regional or national lockdowns, the actions may lead to greater economic uncertainty which create future risks for the Society. Depending on the nature, timing and duration of any further restrictions and any regulatory or government policy response, the Society may expect to see an increase in the levels of requests for forbearance arrangements or arrears. It is not possible to estimate the value of the potential impact on the Society due to the high degrees of uncertainty.

Statement of disclosure to auditors

The Directors who held office at the date of approval of this Directors' report confirm that:

- So far as they are each aware, there is no relevant audit information of which the Society's auditor is unaware; and
- Each Director has taken all the steps that should be taken by a director in order to be aware of any relevant audit information and to establish that the Society's auditor is aware of that information.

Auditor

Deloitte LLP are eligible for re-appointment and have offered themselves for re-election. The Board is recommending that Deloitte LLP are re-appointed as external auditors of the Society for the financial year ending 31 October 2022. A resolution for their appointment will be proposed to the forthcoming Annual General Meeting of the Society.

Going Concern

The Directors are required to consider whether the Society will continue as a going concern for a period of twelve months from the signing of the accounts. In making the assessment the Directors have reviewed the Society's corporate plan and considered risks that could impact on the Society's capital position, financial position and liquidity over that period.

The Directors have also prepared forecasts to consider the effect on the Society's business, financial position, capital and liquidity of operating under stressed, but plausible, operating conditions. A range of sensitivities has also been applied to these forecasts, including stress scenarios relating to Covid-19.

After considering all of this information, together with available market information and the Directors' knowledge and experience of the Society and markets in which it operates, after making the necessary enquiries the Directors are satisfied that the Society has adequate resources to continue in business for at least the twelve-month period from the signing of the accounts. Accordingly, the accounts continue to be prepared on a going concern basis.

Pillar 3 disclosures

The Society is required to set out its capital position, risk exposures and risk assessment processes in its Pillar 3 disclosures document. These are available on the Society's website.

Peter Brickley
Chairman

Roland Gardner
Chief Executive

20 December 2021

SUMMARY FINANCIAL STATEMENT

	2021 £000	2020 £000
Society results for the year		
Net interest receivable	17,948	16,398
Other income and charges	49	(154)
Net gain/(loss) on derivatives	1,526	(160)
Administrative expenses	(12,328)	(11,263)
Impairment of loans and advances to customers	440	(752)
Profit for the financial year before taxation	7,635	4,069
Taxation	(1,635)	(842)
Profit for the year	6,000	3,227
Group financial position at the end of year		
Assets		
Liquid assets	319,890	199,584
Derivative financial instruments	3,639	9
Loans and advances to customers	1,064,427	1,015,979
Fixed and other assets	13,196	18,110
	1,401,152	1,233,682
Liabilities		
Shares	1,118,616	1,012,447
Borrowings	188,072	131,030
Derivative financial instruments	561	4,108
Other liabilities	5,127	3,321
Reserves	88,776	82,776
Total reserves and liabilities	1,401,152	1,233,682
Key financial ratios	%	%
Gross capital as a percentage of shares and borrowings (note 1)	6.79	7.24
Liquid assets as a percentage of shares and borrowings (note 2)	24.48	17.45
Profit for the year as a percentage of mean total assets (note 3)	0.46	0.27
Management expenses as a percentage of mean total assets (note 4)	0.94	0.93

Peter Brickley
Chairman

Roland Gardner
Chief Executive

Darren Garner
Finance Director

20 December 2021

NOTES TO THE SUMMARY FINANCIAL STATEMENT

1. 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.
2. 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.
3. 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.
4. 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.
5. 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 of Newbury Building Society for the year ended 31 October 2021 which comprises the summary Income Statement and Statement of Financial Position together with the summary Directors' Report.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the Summary Financial Statement, 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 with the full 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 consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement.

Basis of opinion

Our examination involved agreeing the balances in the Summary Financial Statement to the full financial statements, Annual Business Statement and Directors' Report. Our report on the Society's full financial statements describes the basis of our audit opinion on those full financial statements.

Opinion on Summary Financial Statement

In our opinion, the Summary Financial Statement is consistent with the full financial statements, the Annual Business Statement and the Directors' Report of Newbury Building Society for the year ended 31 October 2021 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made thereunder.

Use of our 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.

Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
20 December 2021

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 Global beverage business and is a Trustee of the Brain and Spine Foundation. Peter is Chair of the Nomination Committee and a member of the Remuneration Committee.

CHRIS BROWN
Non-Executive Director

Chris was appointed to the Board of Directors in June 2019. She is the Group IT Director of Manpower UK. She has 18 years' experience in leading all aspects of technology and digital in commercial organisations, of which 11 have been spent in financial services. Chris is Chair of the Digital Advisory Panel and a member of the Audit and Nomination Committees.

NICOLA BRUCE
Non-Executive Director

Nicola was appointed to the Board of Directors in November 2021. Nicola is an experienced non-executive across a range of regulated sectors. She is currently the Senior Independent Director at the Anchor Hanover Group and a non-executive Board member for OFWAT, the UK water regulator, and building materials supplier, Stelrad plc. She is a Fellow of the Chartered Institute of Management Accountants. Nicola is a member of the Audit, Risk and Remuneration Committees.

FIONA PHILLIPS
Non-Executive Director

Fiona was appointed to the Board of Directors in November 2021. Fiona is an experienced lawyer and has worked for HSBC in Asia, the Middle East and London, after training at a Magic Circle Law Firm. Fiona is an expert in Fintech, legal innovation and the management of legal risk in retail and private banking. She is currently also the Interim General Counsel of the UK Infrastructure Bank. Fiona is a member of the Audit and Risk Committees.

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 of 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 Chair of the Audit Committee, Chair of Remuneration Committee and a member of the Nomination Committee.

ALISTAIR WELHAM
Non-Executive Director

Alistair has more than 25 years' experience in marketing and digital communications having specialised in financial services, real estate, car retailing industries, and is an Executive member of the Financial Services Forum and programme faculty member of Imperial College Business School on digital transformation. Alistair also holds positions with NOW: Pensions as Director of Marketing and Communications and is a Trustee of the Brighton Student Union. Alistair is a member of the Risk and Nomination Committees and the Digital Advisory Panel. He attends and advises the Executive-led Sales, Marketing & Product Committee.

PIERS WILLIAMSON
Non-Executive Director

Piers was appointed to the Board of Directors in January 2018. He has more than 35 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 Chair of the Risk Committee and a member of the Remuneration and Nomination Committees and attends and advises the Executive-led ALCO Committee.

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. Roland will retire in March 2022.

LEE BAMBRIDGE
Chief Risk Officer

Lee joined the Society and the Board of Directors in July 2007 after nearly two decades in senior positions in the Aerospace industry. 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.

PHILLIPPA CARDNO
Operations & Sales Director

Phillippa joined the Society in 1996 and was appointed to the Executive team in 2007. She was appointed to the Board of Directors in February 2015 as Operations and Sales Director, with responsibility for operational strategy and performance, IT and digital development and the Society's Lending Policy. Phillippa also contributes to financial services nationally as a member of the UK Finance Mortgage Product and Service Board. Phillippa was appointed deputy chief executive in January 2021 and will become the Society's Chief Executive in March 2022.

DARREN GARNER
Finance Director

Darren joined the Society and the Board of Directors in August 2020. A qualified accountant, he has worked in financial services for over 20 years, almost half of which as a Finance Director in the building society sector. Darren is responsible for the Society's finance and treasury activities, ensuring the integrity of financial and regulatory reporting and managing the Society's liquidity, funding and capital positions. He holds executive responsibility for the premises department and, from 1 November 2021, IT and Business Change.

EXECUTIVES

JIM BENDON
Head of IT & Business Change

Jim joined the Society and the Executive team in January 2020. Jim is responsible for defining the Society's IT and Business change strategy whilst also being accountable for all technology and business change. Jim reports to the Finance Director.

MELANIE MILDENHALL
Head of Customer Service

Melanie joined the Society in 1994 and was appointed an Executive in January 2019. She is responsible for leading, developing and implementing the Society's Customer Service strategy. Melanie also heads the Branch, Mortgage underwriting and Customer Support functions and reports to the Operations & Sales Director.

ERIKA NEVES
Head of Risk & Company Secretary

Erika joined the Society in 1991 and was appointed an Executive in 2002. She is responsible for developing and implementing the Society's Risk Management Framework. Erika leads the Risk Function, is the Company Secretary and reports to the Chief Risk Officer.

Directors' Attendance Record

Board Member	Board	Audit	Risk	Remuneration	Nomination
Non-Executive					
Peter Brickley	11 (11)			4 (4)	4 (4)
Chris Brown	11 (11)	4 (4)			
Sarah Hordern	9 (11)	2 (3)		4 (4)	4 (4)
William Roberts	11 (11)	4 (4)		1 (1)	4 (4)
Zoe Shaw	10 (10)		4 (4)		
Alistair Welham	11 (11)		4 (4)		
Piers Williamson	11 (11)		4 (4)	4 (4)	4 (4)
Executive					
Roland Gardner	11 (11)	4 (4) A	4 (4) A	4 (4) A	4 (4) A
Lee Bambridge	11 (11)	4 (4) A	4 (4) A	4 (4) A	4 (4) A
Phillippa Cardno	11 (11)	4 (4) A	4 (4) A	3 (3) A	3 (3) A
Darren Garner	11 (11)	4 (4) A	4 (4) A		

DIRECTORS' REMUNERATION REPORT

This report explains how the Society applies the principles of the UK Corporate Governance Code April 2018 (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, at 31 October 2021, all of the Non-Executive Directors and Executive Directors, as well as the other members of the Executive management team, were classified as Material Risk Takers (MRTs) and subject to the Remuneration Code. The Remuneration Committee does not consider that any employees 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:

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.

The Society's objective when setting remuneration is to ensure that it is in line with the Society's business strategy, risk appetite and long-term objectives, by being consistent with the interests of the Society's members. 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 pages 35 and 36. 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 and benchmarked annually in line with comparable organisations across location, industry and job function.

Performance Related Pay Scheme

The Society operates two performance related pay schemes with objectives relating to a balance of financial performance, customer service and sustainable growth over a multi-year timeframe:

1. An annual scheme based on the Society's key performance measures of profitability, control of costs, risk management controls, growth in mortgages, and increases in member numbers. A maximum of 10% of salary (prior to any salary sacrifice) can be earned annually for achievement of these targets, which includes a maximum 3.5% of salary based on personal contribution.
2. A three-year medium term incentive plan based on business performance benchmarked against peer group Societies and team and individual performance based on strategic development of the business. This pays a maximum of 15% of salary after three years (equivalent to 5% per annum) and includes a maximum 3% based on individual contribution.

Performance related payments are not pensionable and are paid in cash through payroll.

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.

Benefits

The Society makes a contribution of up to 20.25% of salary (before salary sacrifice where applicable) to Executive Directors' private pension arrangements.

Executive Directors receive other benefits comprising private healthcare, 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 Darren Garner each have a service contract with the Society, terminable by either party giving six or twelve months' notice.

The Society meets contractual obligations for loss of office and whilst the Remuneration Committee has discretion to provide better terms, this is disclosed to Members if used.

An Executive Director is permitted to take a role as a Non-Executive Director with another firm provided the firm is not a competitor and the associated time commitment can be accommodated. Any such arrangements must 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. Non-Executive Directors chose to forego the recommended increase in 2021 due to the uncertain trading conditions as a result of Covid-19, and therefore their fees have not increased since 2019.

Remuneration comprises a basic fee with supplementary payments for the Chair of the Board and the other Non-Executive Directors classified as Senior Managers, for regulatory purposes, 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, who are considered Material Risk Takers, in consultation with the Chief Executive. These are the Head of Customer Service, the Head of Risk & Company Secretary, the Head of People and the Head of IT & Business Change. 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:

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

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

The remuneration of the Non-Executive Directors, Executive Directors and other members of senior management is overseen by the Remuneration Committee, which consists of four Non-Executive Directors and meets four times a year. During the reporting period the composition of the Committee satisfied the Code provisions regarding independence. The Chief Executive, Chief Risk Officer and Head of People attend by invitation but take no part in the discussion of their own salaries. Minutes of the Committee 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 Material Risk Takers detailing the composition of their respective remuneration. In setting remuneration, the Committee considers the remuneration levels and structure provide by building societies that are similar in size and complexity. 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 peer comparison and the views of the other Executive Directors. The proposed fees are then approved or otherwise by the Remuneration Committee with the Chair's fees being considered by the Committee in the absence of the Chair. As detailed above, during the year the Remuneration Committee decided not to accept the Chief Executive's recommendation of a fee increase and therefore the fees have remained at the same level since 2019.

Executive Directors

The performance related pay schemes are 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 2021 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.

AGM Vote

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 ascertain and address the concerns of the Membership.

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

Will Roberts
Chair of the Risk Committee
20 December 2021

Executive Directors' Emoluments

2021	Salary £000	Performance Related Pay £000 £	Taxable Benefits £000	Pension Contribution [1] £000	TOTAL £000
Roland Gardner	243	21	5	-	269
Lee Bambridge[2]	148	12	5	-	165
Phillippa Cardno	151	17	4	32	204
Darren Garner	146	15	1	31	193
TOTAL	688	65	15	63	831
2020					
Roland Gardner	241	26	6	-	273
Lee Bambridge	147	16	6	-	169
Kieron Blackburn (resigned 28/01/20)	179	-	-	7	186
Phillippa Cardno	139	19	5	29	192
Darren Garner (appointed 03/08/20)	36	5	-	7	48
TOTAL	742	66	17	43	868

Notes

1 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 Phillippa Cardno and Darren Garner took advantage of this option. Roland Gardner and Lee Bambridge, with agreement from the Society, took their pension contributions as salary.

2 Lee Bambridge also received £18,300 (2020: £18,000) from Sovereign Housing Association for his services as a Non-Executive Director.

Non-Executive Directors' Emoluments (comprising fees only)

	2021 £000	2020 £000
Peter Brickley (Chairman)	45	45
Chris Brown	28	28
Sarah Hordern (resigned 31/10/21)	31	30
William Roberts	31	30
Zoe Shaw (resigned 5/10/21)	26	28
Ron Simms (retired 24/02/2020)	-	11
Alistair Welham (appointed 24/02/20)	28	19
Piers Williamson	31	30
TOTAL	220	221

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 £nil (2020: £511,511) representing loans to none (2020: one) person. The terms and conditions are in line with standard mortgage lending and the loan is secured on residential property with the nature of any final settlement being on a cash basis. There are no guarantees given or received. 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, subject to prior arrangement to ensure the request can be accommodated in a covid-safe manner.

NOTICE OF THE 165TH ANNUAL GENERAL MEETING

Date: **Wednesday 23 February 2022**
Time: **11:00am**
Place: **Donnington Valley Hotel, RG14 3AG**

Members need to pre-register their attendance at the AGM by visiting https://www.newbury.co.uk/about-us/corporate-governance/ or by contacting their local branch. The deadline for registration is 3pm on Monday 21 February 2022. The meeting will commence at 11.00am on Wednesday 23 February 2022 for the following purposes:

1. To receive the Auditor's Report, the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31 October 2021.
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 Lee Frederick Bambridge, Christine Margaret Brown, Phillippa Cardno, Roland Martin Woodthorpe Gardner, Darren Lee Garner, William Jeremy Mostyn Roberts, Alistair Richard Norton Welham, and John Piers Williamson, and to elect Nicola Gail Alexandra Bruce and Fiona Sophie Whyte Phillips 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 2021 (see f below).
5. To consider and if thought fit pass a Special Resolution to approve the Rule Changes (see summary on pages 39 to 42).

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 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 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 23 February 2022; have held at least £100 in any Society share account on 31 October 2021; 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 23 February 2022; have held a mortgage with the Society to the value of at least £100 on 31 October 2021; 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 2021 set out on pages 32 to 34 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 21 February 2022.

By Order of the Board
Erika Neves – Society Secretary
23 January 2022

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 Directors standing for election or re-election are included on pages 30 and 31 of this booklet.

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. In 2022 we will be supporting the following charities.

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

Trinity Winchester
Winchester branch

Sue Ryder
Wokingham branch

Alzheimer's Society
Head Office

The Society will donate 15p for every paper vote cast and 50p for every vote sent through the secure website 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

RULE CHANGE

What are we proposing to change?
The Society's rules are our main constitutional document and set out the principles and basis on which the Society is governed including the requirements for and how members' meetings are held.

We are proposing to update the rules:

- to allow members' meetings to be held electronically and/or in more than one physical location;
- to clarify the procedures for adjourned meetings;
- to clarify the quorum requirements for meetings;
- to improve the requirements regarding giving notice of meetings in the event of disruption to postal services; and
- to reflect the requirements of The Mental Health (Discrimination) Act 2013.

There are also some re-numbering and minor typographical changes to make to the rules.

Why are we proposing to change the rules on how members' meetings are held?
In 2020, the COVID-19 pandemic and subsequent strict lockdown restrictions made the holding of Annual General Meetings challenging. The last-minute closure of meeting venues, rules around social distancing and movement restrictions meant that participation was severely limited. There is a clear member benefit in updating the rules of the society to allow member meetings to be held electronically or at more than one venue (or by a combination of both physical attendance and using an electronic platform), so that all members who wish to do so can fully participate in the meeting whilst helping to make sure that we keep our members and employees safe. We're proposing to update the rules to allow the Board to arrange for members to attend a meeting at one or more venues and/or using an electronic platform if the Board decides it would be safe and appropriate.

Why are we proposing rules relating to adjourned meetings?
The COVID-19 disruptions last year also focused our attention on the procedures in the event meetings are disrupted and need to be adjourned. We are proposing rules to clarify the procedure. This includes the notice requirements to inform members of the time, venue and date of the new meeting.

Why are we proposing to change the rules regarding quorum at meetings?
We are proposing to clarify the rules regarding quorum at adjourned meetings, by stating that there must be at least two members present at the meeting.

Why are we proposing to change the rules regarding the removal of directors?
We are proposing to amend the rules regarding the removal of directors to reflect the requirements of The Mental Health (Discrimination) Act 2013.

Why are we proposing to change the rules regarding disruption to the postal service?
We are proposing to strengthen the rules regarding when notice is deemed to have been given to members in the event of disruption to the postal service. Measures include ensuring notice is published on the society' website in addition to either prominently displaying the notice at the societies head office and branches or publishing the notice in two leading newspapers.

Proposed rule changes

To allow meetings to be held electronically and/or at more than one physical location.
To add new definitions in alphabetical order in the Interpretation section as follows:

"Electronic Platform" means such electronic and/or telecommunications facilities as may be approved by the Board from time to time that enable members to attend and participate simultaneously in a general meeting without attending a physical meeting place;
"Secondary Meeting Place" means a secondary physical meeting place (or more than one such place) for a general meeting at which members may attend and participate in the general meeting simultaneously via an audiovisual link to the principal physical meeting place, as an alternative to attending the principal physical meeting place;

Insert a new Rule 32 as follows:

32. MEANS OF PARTICIPATION IN MEETINGS
(1) The Board may make arrangements for Members to attend and participate in Annual General Meetings and/or special general meetings by:
(a) attendance at a physical meeting place;

(b) simultaneous attendance and participation at a Secondary Meeting Place; and/or
(c) using an Electronic Platform.

(2) An Annual General Meeting and/or a special general meeting may be held:
(a) solely as a physical meeting; or
(b) subject to the Statutes, by offering Members the option to attend and participate at a physical meeting place (which may include a Secondary Meeting Place) or by using an Electronic Platform; or
(c) subject to the Statutes, solely as an electronic meeting accessible by using an Electronic Platform.

(3) A Member is present at an Annual General Meeting or special general meeting for the purposes of these Rules if:
(a) being an individual, he attends in person;
(b) being a body corporate, a Corporate Representative attends in that capacity in person; or
(c) a person appointed as his or its proxy or attorney (or any person specified in paragraph (7) of Rule 38) attends in person, including in each case, where permitted by the Board in accordance with these Rules, attendance at any Secondary Meeting place or by using an Electronic Platform.

(4) Where the Board decides that Members may attend and participate in an Annual General Meeting or a special general meeting by using an Electronic Platform, the notice of meeting given under Rule 33 shall set out details of the Electronic Platform for the meeting (and any access arrangements for such Electronic Platform shall be communicated to Members, either in the notice or otherwise).

(5) Details of any physical meeting place, Secondary Meeting Place and/or Electronic Platform that shall be stated in a notice of meeting given under Rule 33 shall constitute the place of such meeting.

(6) Arrangements shall be made for any documents which are required to be made available for inspection by Members at an Annual General Meeting or a special general meeting to be available for inspection at any Secondary Meeting Place (in addition to the principal physical meeting place) and by any Members who attend and participate in the meeting by using an Electronic Platform.

(7) Any persons wishing to attend an Annual General Meeting or a special general meeting (whether at any principal physical meeting place or any Secondary Meeting Place, or by using an Electronic Platform) shall be required to comply with any identification procedures and security arrangements as the Board shall reasonably specify from time to time.

To amend existing Rule 32(9) (now Rule 33(9)) as follows:

(9) ~~The~~ *Neither:*
(a) the accidental omission to give, send or deliver a notice of meeting to, ~~or~~
any Person entitled to receive it; nor
(b) the non-receipt of a notice of meeting by, any Person entitled to receive
~~notice shall not~~ *it; nor*
(c) *subject to compliance by the Society with applicable laws, the inability of any Person entitled to attend a general meeting to attend any physical meeting place (including any Secondary Meeting Place) and/or participate in the business of the meeting by using an Electronic Platform (whether as a result of any technical difficulties in relation to such Electronic Platform or otherwise),*
shall invalidate the proceedings at that meeting.

To bring the Rules in line with the Mental Health (Discrimination) Act 2013
To amend existing Rule 24(1)(f)(ii) by deleting the existing text and inserting:
a registered medical practitioner who is treating that person gives a written opinion to the Society stating that he has become physically or mentally incapable of acting as a Director and may remain so for more than three months,

To clarify the rules relating to quorum at meetings
To amend existing Rule 34(1) (now Rule 35(1)) as follows:
(1) No business shall be considered at any Annual General Meeting or special general meeting unless a quorum is present at the time when the meeting proceeds to business and, *subject to Rule 35(3) below in the case of an adjourned meeting*, a quorum shall be constituted for all purposes as follows -
(a) except where sub-paragraph (b) below applies, by 10 Members present and entitled to vote on a show of hands under Rule ~~36~~*38*(5),; *and*
(b) in the case of a special general meeting

requisitioned under Rule 31(3), by 500 Members present and entitled to vote on a show of hands under Rule ~~36~~*38*(5).

To amend existing Rule 34(3) (now Rule 35(3)) as follows:
(3) ~~The Members present at~~ *At* an adjourned meeting, *two Members present* and entitled *to vote on a show of hands* under ~~paragraph (1) above to be included in the quorum for the meeting~~ *Rule 38(5)* shall constitute a sufficient quorum.
To amend existing Rule 35 (now Rule 36) by deleting Rule 35(2) and Rule 35(3), renumbering Rule 35(4) as Rule 36(2) and making the following amendments:
~~(4) When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting but otherwise it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.~~
~~(5)~~ Subject to the Statutes and these Rules every question submitted to an Annual General Meeting or special general meeting shall be decided by a simple majority and such votes shall be taken in the first instance by a show of hands *unless, before the show of hands, a poll is validly demanded under Rule 36(3).*

To clarify the procedures for adjourned meetings
To insert a new Rule 37 as follows:

37. ADJOURNED MEETINGS
(1) The Chairman of the meeting may, notwithstanding the presence of a quorum (and shall, if so directed by a resolution of the meeting), adjourn the meeting from time to time and from place to place but, except as provided in Rule 36(7), no business shall be transacted at any adjourned meeting other than the business left unfinished or not reached at the meeting from which the adjournment took place.

(2) Every adjourned meeting shall be deemed a continuation of the original meeting but any resolution passed at an adjourned meeting shall for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

(3) When a meeting is adjourned for 30 days or more, a notice specifying the hour, date and place of the adjourned meeting, and stating the business left unfinished or not reached at the meeting from which the adjournment took place, shall be given to Members as provided in Rule 33(3). The notice shall also state that -
(a) a Member entitled to attend and vote may appoint one proxy to attend and, on a poll, vote at the meeting instead of him, and
(b) the proxy need not be a Member of the Society, and
(c) the Member may direct the proxy how to vote at the meeting.
Where a meeting is adjourned for less than 30 days, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at such an adjourned meeting.

(4) The appointment of a proxy made in accordance with Rule 39 shall, unless provided otherwise in the instrument appointing such proxy, be valid for any adjournment of the meeting. Nothing in this paragraph (4) shall prevent a Member from submitting a new instrument appointing a proxy in relation to the adjourned meeting, which shall take precedence over any earlier instrument, or from attending the adjourned meeting in person if the Member wishes to do so.

~~(5)~~ *The adjournment of a meeting shall not affect the validity of the business that was concluded at the meeting from which the adjournment took place, prior to the adjournment of such meeting.*
To amend existing Rule 39(10) (now Rule 41(10)) as follows:

(10) The Board shall announce the result of the postal or electronic ballot by -
~~(a) an advertisement in newspaper or newspapers having an appropriate circulation, and~~ *a notice published on the Society's website; and*

To amend the rules regarding disruption to postal services
To amend existing Rule 46(4) (now Rule 48(4)) as follows:

(4) If, by reason of the suspension or curtailment of postal services, the Society is unable to give notice by post in hard copy form of a meeting, then such notice shall be deemed to have been given to all Members entitled to receive such notice in hard copy form if *the Society complies with paragraph 35 of Schedule 2 to the Act and notice is published on the Society's website and* is advertised *either:*
(a) by a notice displayed in a prominent position at the Society's Principal Office and at all branch offices; or

(b) in at least two leading daily newspapers widely circulated in the United Kingdom. Such notice shall be deemed to have been duly served on all Members entitled to receive notice of such meeting at noon on the ~~day~~ *earlier of the date on which the notice is first displayed at all branch offices in accordance with paragraph (a) and the date* on which the second of such *newspaper* advertisements appears. ~~*In any such case the Society shall: (a) make such*~~ *in accordance with paragraph (b) (as the case may be). The notice shall continue to be available on* ~~*an appropriate*~~ *the Society's* website ~~of the Society from the date of such advertisement~~ until the conclusion of the meeting; and ~~(b)~~ *the Society shall* send confirmatory copies of the notice to those Members *entitled to receive notice of the meeting* by post in hard copy form if, at least seven days before the meeting, the posting of notices to addresses throughout the United Kingdom again becomes practicable.

Re-numbering and minor typographical changes to the Rules

As a result of inserting a new Rule 32 and new Rule 37 as above, all subsequent rule numbers (and any rules which reference Rule 32 and Rule 37 or subsequent rules, including any relevant references to rule numbers in the Interpretation section of the rules) will be amended and updated to reflect revised rule numbers.

In addition, the following minor typographical changes will be made:

The definition of "Regulator" will be amended by replacing *Financial Services Authority with Financial Conduct Authority*.

The word *"and"* will be added to the end of (ii) of the definition of "Special Resolution".

The words *"and any"* will be deleted from the definition of "Statutes" and the word "Any" will be added to the beginning of (b). The subsequent paragraphs (b) through to (h) will be amended to take account of the change to the earlier paragraphs under the definition. The word "or" will be added at the end of paragraph (d)(ii) (now (e)(ii)).

At Rule 24(1)(i) replace *"IV"* with *"4A"*

At Rule 35(6) (now Rule 36(3)) replace the cross reference *"(10)"* with *"(7)"*

At Rule 35(6)(b) (now Rule 36(3)(b)) replace the word *"representative"* with *"Corporate Representative"*

At Rule 36(5) (now Rule 38(5)) the words *"or by a representative"* and *"representative or by"* will be deleted.

At Rule 37(3) (now Rule 39(3)) the words "or by a representative" will be deleted.

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/

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