



## MEMBERS' REVIEW

INCORPORATING SUMMARY FINANCIAL STATEMENT  
YEAR ENDED 31 OCTOBER 2017



# 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 2017.

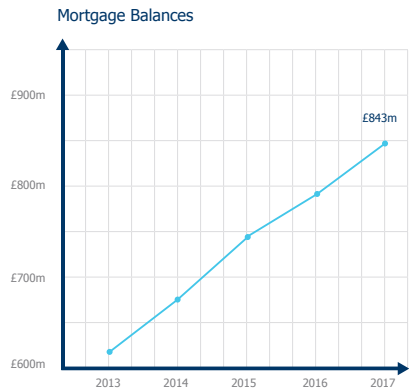
## Contents

Our Highlights	3
Purpose, Vision and Culture	4
The Year in Pictures	5
<b>Summary Financial Statement</b>	<b>6</b>
Summary Directors' Report	6
Summary Statement	17
Notes to the Summary Statement	18
Independent Auditor's Report	19
Directors	20
Directors' Attendance Record	22
Directors' Remuneration Report	22
Notice of the 161st Annual General Meeting	26

# Our Highlights

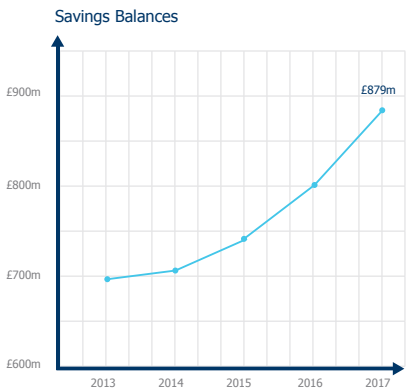
## Mortgages

- Our mortgage book increased £62m to £843m (8%)
- We lent £192m to mortgage customers (2016: £187m)
- Strong demand for our residential, first time buyer and buy to let products supported this growth
- As a result of the mortgage growth the Total Assets of the Society exceeded £1bn for the first time



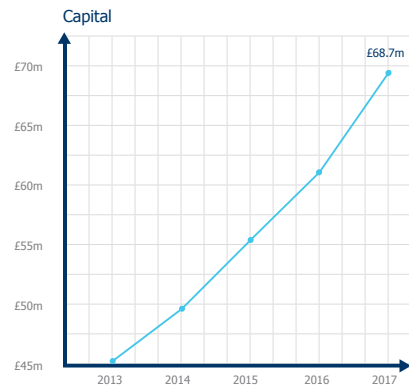
## Savings & Funding

- Savings balances increased £71m to £879m (9%)
- The performance of our Senior Saver, Existing Member and ISA accounts were significant factors in the growth
- We had funding of £58m from the Bank of England Term Funding Scheme at year-end



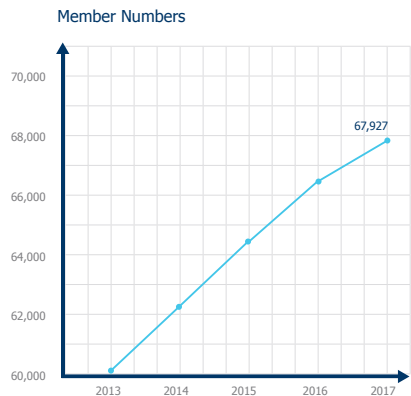
## Financial strength

- Our regulatory capital grew £7m to £68.7m (11%)
- Our Total Capital Ratio improved to 19.8%
- Our profit after tax was £5.9m (2016: £5.6m)
- We held £156m of liquidity at year end



## Members

- Our member numbers increased by nearly 1,500 to 67,927
- Our mystery shopping scores averaged 93%
- Complaints as a percentage of members were less than 0.11%



# Purpose, Vision and Culture

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

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



# The Year in Pictures



Newbury Building Society became a member of The Institute of Customer Service (ICS) to help further develop excellence in service delivery.



The Society continued to have a strong presence at a series of Help to Buy events in the South of England.



At the 160th AGM, a presentation was made to Sue Ryder, a hospice charity that provides compassionate care to people with end of life and long-term needs. Funds had been raised through calendar donations and a Christmas hamper prize draw.



Newbury Building Society is the proud sponsor of Cold Ash Football Club's Under 10s squad.



All branches had a busy year fundraising and volunteering in support of their individual charities, including a gruelling sponsored virtual cycle ride pictured here in the Hungerford branch in aid of Prior's Court School.



Newbury schoolchildren visited their local branch with their teachers for a fun-packed day of Junior Newbury Building Society (JNBS) training and learning.



The Society donated £380 from its Community Support scheme to give Thatcham-based charity Swings and Smiles the opportunity to attend this year's pantomime at the Hexagon, Reading.

# Summary Financial Statement

This Financial Statement is a summary of the information in the Audited Annual Accounts, the Directors' Report and Annual Business Statement, all of which will be available to members and depositors free of charge on demand from all Newbury Building Society offices from 9 February 2018 or can be downloaded from [www.newbury.co.uk](http://www.newbury.co.uk) from 2 January 2018.

## Summary Directors' Report

### Key Performance Indicators\*

Key Performance Indicators*		2017	2016
Balance sheet	Loans to Customers	£843m	£781m
	Retail Shares and Deposits	£879m	£808m
Operating performance	Management Expenses as a % of Mean Total Assets	0.90	0.92
	Interest Margin as a % of Mean Total Assets	1.63	1.76
	Mortgage Arrears - on accounts two months or more in arrears	£0.12m	£0.13m
	Society Profit After Tax	£5.9m	£5.6m
Financial strength	Regulatory Capital	£68.7m	£61.7m
	Total Capital Ratio	19.8%	18.6%
	Liquid Assets as a % of Shares and Borrowings	16.7%	17.2%
Members	Members - numbers	67,927	66,469
	Mystery Shopping - % score achieved	93.0%	92.8%
	Complaints - as a % of members	<0.11%	<0.10%

## Business Review

This has been an exceptional year for the Society and has been the fourth successive year of concerted growth and profitability, which culminated in the achievement of the notable landmark of £1bn assets at the end of the year.

In the year, mortgage balances rose by 8% and profit after tax rose to £5.9m, both figures improving on the strong performance of 2016 and continuing the top-quartile performance of each of the last four years. The mortgage growth in 2017 has been achieved against a background of greater competition and declining market transaction numbers. The six biggest lenders have largely completed their recapitalisation after the Banking crisis a decade ago and have therefore collectively sought greater

market share than in recent years. Many new challengers have also entered the residential mortgage market and specialise in the type of niche lending which has been the hallmark of the Society's offering in recent years. Despite this, the Society has utilised a combination of competitive pricing, appropriate lending criteria and high quality service to achieve growth, but without any diminution in lending quality. The level of profitability is required not only to support the lending growth, but also to reflect the Society's ongoing need to boost its capital strength in response to the higher capital levels needed under the Capital Requirements Directive.

The key element to the Society's performance is the fact that the Society is managing simultaneously not only to achieve consistent

levels of balance sheet growth, but also to do this whilst strengthening its capital position. Growth and profitability have been achieved in appropriate equilibrium in the last four years, with the result that the Society's total capital ratio has continued to increase. With growth and profit ahead of our targets, the Board is delighted to report on such a positive year.

Savings balances increased by £71m during the year, reflecting the popularity of several of our accounts, which have continued to be priced very favourably against the market. There have been no downward changes made to savings interest rates throughout the year, although several competitors moved their interest rates downwards during 2017. Following the Bank of England announcement two days after year end that the Bank Base Rate (BBR) had been increased from 0.25% to 0.50%, the Board reviewed the Society's savings rates, but decided to keep them unchanged, with the intention of bringing about a better balance in demand between savings and mortgages. Setting interest rates, which are fair for both savers and borrowers, is a delicate balancing act. Ultimately it is competition in the mortgage market that has been the overriding factor in determining the savings rates we are able to offer to new and existing members. It was the decision not to increase mortgage rates following the BBR rise in November 2017 that gave rise to the decision to make no change to savers rates at that time.

One reason that the savings market is subdued is because lenders, including the Society, have had continued access to low cost funding through the Funding for Lending Scheme (FLS) and latterly the Term Funding Scheme (TFS). The availability of this funding means larger savings balance inflows were not actively sought during the year and indeed since the onset of FLS in 2012, our policy for savings in this unusual environment has been to prioritise and protect the interests of existing members. This has been achieved by restricting new customers from accessing our higher-paying savings

accounts, thus enabling us to maintain interest rates ahead of the market average for our existing members.

The Society's interest margin declined as expected, falling 0.13% as a result of savings accounts being held at above market levels while lower mortgage rates were offered to borrowers as a result of market competition. The Board anticipates the margin will continue to reduce next year as the impact of lower mortgage pricing continues to reduce our income but whilst competitive savings rates are maintained.

The Board recognises that controlling costs is vital for the Society's competitive position in the market place and is therefore pleased to report that the Society's management expenses ratio has reduced for a third successive year, from 0.92 last year to 0.90 this year. The fact that the ratio reduced demonstrates that balance sheet growth, coupled with careful management of expenses, does bring about the economies of scale, which makes the business stronger in the long term. This will continue to be a major area of focus for us as we seek an appropriate balance between investment in the business and providing high quality and value products and services for members. In addition to salaries, cost management is particularly relevant to both technology and our branch network. With the rapid advances in banking technology in recent years, the Society continues to develop its online capabilities for both savers and mortgage intermediaries and we anticipate further enhancements next year, as described below. With the branch network, the provision of the quality and comfort of facilities for members needs to be balanced with the costs of maintenance and improvements to our estate. As some members are aware, a number of our branches are situated in older buildings, something that provides management with significant challenges in achieving this balance, but where we are committed to a programme of continuous improvements in coming years.



The Board recognises that as a membership organisation the service to our members is of paramount importance. It is therefore pleasing that independently assessed mystery shopping scores have remained above 90% for the fourth successive year and that we received complaints from fewer than 0.11% of our members. In addition, the number of members in the Society grew by nearly 1,500 in the year to more than 67,900, many enjoying the benefits of the Welcome to Newbury account as their introduction to membership of the Society, thus re-enforcing the fact that the combination of a strong service proposition with competitive interest rates is an effective strategy for the Society to follow.

“ The Board recognises that as a membership organisation the service to our members is of paramount importance. ”

The Society's performance in 2017 has been assisted by the strength of the central southern England housing market, where house prices continued to rise well ahead of inflation in reaction to the shortage of stock and to an overall lack of transactions. However, as we approached our year-end, prices in London started reducing as the effects of a hung parliament, the unknown outcome of Brexit negotiations and rising inflation affected confidence levels. The Board is mindful of the uncertainties in the market and recognises the overarching need for prudence in all mortgage lending. Despite these challenges the Society has thrived and against this backdrop, your Board is pleased to be able to present such a solid business and financial performance.

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

The Society lent a record £192m in the

year, exceeding last year's total of £187m, and with reduced repayment levels, the net lending figure increased to £62m, an increase of £14m over that achieved last year. As a result the total mortgage book for the Society grew by 8% to £843m. This growth was achieved against the backdrop of a market where competition continues to intensify and transaction levels are reducing. A core element of the lending during the year was in affordable housing products, which form the starting point on the housing ladder for so many individuals and families in central southern England.

The Society's SVR remained at 4.2% during the year. Following the Bank of England's decision to revert to a 0.5% base rate in November 2017, the Board decided not to change the SVR, thereby presenting variable rate mortgage customers with a genuine reduction against the market compared to before August 2016. The Society's lending proposition is based on the provision of a competitive range of fixed and discounted mortgages mainly for owner occupiers but also for BTL landlords. With competition in residential lending proving intense, the Society not only operates in the low margin mainstream market, it also operates in areas of the residential market where appropriate returns for risk can be made, such as the first-time buyer products in the Help To Buy range, to customers with credible repayment plans who require interest only mortgages, to self-builders and custom builders who wish to build their own home and to those seeking mortgages beyond normal retirement dates.

It was expected that the Buy To Let (BTL) market would decrease significantly following the second property stamp duty change and the new fiscal measures relating to mortgage interest announced in 2015/16. With further legislation on affordability impacting the market for the first time in 2017 too, BTL was £11m down on 2016, although new lending held up well in a market where increasingly transactions are remortgages



of existing debt or are made to limited company ownership vehicles. The Society will continue to offer appropriate products to the BTL community, including limited company purchasers and to British nationals living overseas.

The Society's mortgage book comprises 82.5% residential owner-occupied loans, 16.3% BTL, and 1.2% commercial lending. The Society's book remains of the highest quality with an average indexed loan to value at 32% on our residential mortgages. Furthermore less than 2% of the balances in the book are more than 80% of the current value of the properties on which their mortgages are secured, and lending over 80% loan to value at inception is insured through a mortgage indemnity policy, which protects the Society from losses incurred if a property is taken into possession during the first ten years of the loan. This year the Society advanced £10m on mortgages where the loan to value was over 80%, down from £14.6m in 2016.

Our loans are all individually underwritten by an experienced team, based in Head Office, who have the authority to exercise some flexibility with our lending criteria in appropriate cases. Responsible lending and decision-making are the key to our loan quality, and our desire to reduce the risk of future default has been paramount in our lending strategy.

The Society's arrears and possession statistics remain low both for the building society sector and for the industry as a whole. The value of arrears for cases more than two months in arrears decreased from £0.13m to £0.12m although the number of members in this category increased by one from 37 to 38 accounts. There were seven cases in serious arrears of twelve months or more at our year-end (2016: four cases). The total amount of arrears outstanding on these accounts was £57,000 (2016: £23,000) and the aggregate capital balance was £476,000 (2016: £210,000). As at 31

October 2017, the Society pleasingly had no properties in possession (2016: two). The Society has incurred no mortgage losses during the year (2016: no losses), thus maintaining our enviable position of total mortgage losses under £50,000 since the Banking crisis of 2007-8, a record of which the Board is particularly proud. The Society shows forbearance to borrowers where appropriate, and there were 45 accounts at 31 October 2017 (2016: 51) where clients were benefitting from a forbearance action such as temporary interest only concessions, payment plans and reduced payment concessions. These figures continue to demonstrate the quality of the Society's mortgage book and the quality of underwriting processes over many years. The Board is pleased to report that the Society's overall position in both arrears cases and those where forbearance is being deployed are materially unchanged from one year ago.

## **Retail Shares and Deposits**

The Society aims to generate the necessary level of savings to meet its mortgage funding and liquidity requirements and the Society's retail balances therefore increased by 9% during the year, which represented an increase of £71m. This was an appropriate amount given the Society's mortgage balance growth, but as the Society also had access to low cost funding through the Term Funding Scheme, it was ahead of the planned budget. In fact, the Society could undoubtedly have achieved higher levels of growth in savings balances this year, had it been necessary, as the marketplace for retail savings remained benign. In order to control saving inflows we continued to restrict new members to a narrow range of accounts throughout the year in order to allow existing members to benefit from higher rates than would otherwise have been the case.

This policy of protecting our higher paying accounts for existing members meant that in July the Senior Saver account was

withdrawn from sale and throughout the year the Society restricted its one year fixed rate bonds to those members with maturing bonds only. No new corporate accounts were opened during the year either, as we concentrated on servicing our existing depositors. The decision to continue to suspend the majority of our product range from new investors was taken not only to protect interest rates for existing members, but also to prevent the Society from being overwhelmed by demand from customers experiencing interest rate cuts and low interest rates elsewhere.

The Society's highest paying account, the Existing Members Account, demonstrated its popularity again by introducing a net £28m to the Society during the year, and that occurred despite each member being restricted to a maximum subscription of £4,000 per tax year. Our ISA range also brought in net subscriptions of £23.5m despite the restrictions to product availability and a bar on transfer-ins in the latter part of the year. Membership increased by 1,458 during the year, with the Welcome To Newbury account representing more than 1,000 of this increase.

Our philosophy for our savers is to operate fairly, with simplicity in product design, competitive terms and conditions, and to ensure existing members are treated at least as equally as new members. The reality in recent years has been that existing members have actually experienced better terms and conditions than new members, as the Society has maintained above average rates for savers. Even after the Bank of England base rate increase to 0.5% in November 2017, after which we left savings rates unchanged, the Board believes that savings members have been well served by our pricing policy and that they receive above average returns, coupled with fair terms and conditions on their investments.

### Capital and Liquidity

The Board is conscious that both members

and the Regulator require the Society to be financially secure. Financial strength protects the Society against its principal risks and uncertainties (see below) and safeguards member funds. The Board therefore sets a strategy to ensure that both capital and liquidity are maintained at appropriate levels. The continuing emphasis on high quality capital by world banking authorities has meant that the level of profitability this year was necessary for two reasons: firstly, to continue the process of building our reserves for the Capital Requirements Directive and, secondly, to reflect the 8% increase in mortgage balances. The reserves now stand at a record level.

This strategy has resulted in the following position as at 31 October 2017:-

- Capital

	2017	2016
	£000s	£000s
Tier 1 Capital	67,932	60,928
Tier 2 Capital	730	765
Capital Resources	68,662	61,693
Total Capital Ratio	19.8%	18.6%

- Liquidity: Liquid assets (which comprise cash and investments as shown on the statement of financial position) increased to £156m (2016: £150m). Liquid assets as a percentage of Shares and Borrowings decreased to 16.7% (2016: 17.2%).

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

### Governance

The only change to the Board this year was the appointment of Zoe Shaw as a

non-executive director at the beginning of September 2017. Zoe's appointment brings treasury and banking skills and experience to the Board and she replaces John Parker, who will retire from the Board after ten years service, following the AGM in February 2018. John has made an immensely valuable contribution to the Society's success during a period in which his expertise and experience have been regularly called upon to help the Society navigate through the most turbulent era in Financial Services history. The Board places on record its thanks to John for his distinguished service and wishes him a long and happy retirement.

Although there has only been one change to the Board during the year under review, the Society has been preparing for a significant change in the executive director structure and a further strengthening of the non-executive team to take effect from February 2018:

a) After ten years as the Society's Finance Director, Lee Bambridge has been appointed, subject to PRA approval, to the new Executive Director role of Chief Risk Officer. As the Society has grown in size, the Board's and the Regulator's expectations have evolved and Lee's appointment strengthens the Society's risk management capabilities within a centralised framework befitting of a £1bn asset building society. As Chief Risk Officer, Lee will remain an Executive member of the Board and will attend all the Board Committee meetings, advising the Board on risk matters.

b) The Board has appointed Kieron Blackburn as the Society's new Finance Director. Kieron has been the Finance Director at Ipswich Building Society for the last nine years and therefore brings a proven track record in finance in the Building Society sector. He is due to join the Society in mid-February. As Finance Director, Kieron will be an Executive member of the Board and will attend the Audit and Risk committee meetings and chair the Executive Asset & Liabilities committee.

He will be responsible for providing direction to the finance, treasury and prudential functions of the Society.

c) The Board has appointed Piers Williamson as a non-executive director, effective from 1 January 2018. Piers brings a number of skills to the board in treasury, insurance, credit and housing association finance and he provides a further strengthening to the non-executive element of the Board at this time of change.

The Board is committed to best practice in Corporate Governance. The report on pages 16 to 19 of the Annual Report and Accounts explains how the Society applies the principles contained in the UK Corporate Governance Code as well as setting out the Committee changes that occurred during the year.

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

Finally, I am sorry to report the premature death of our former chairman, Adrian Rann, at the beginning of December. Adrian served on the Board of the Society for 19 years, the last six as chairman, until his retirement in February 2015. Adrian provided valuable and distinguished service to the Society and oversaw much change in the wake of the global banking crisis. He made a significant contribution to the Society's success during his time on the Board, including the decisions to open branches in Basingstoke and Winchester. We send our condolences to his family.

## **The Communities We Serve**

The communities in which our branch

network operates from the heart of the Society. We continue to give something back to the communities where our members and employees live and work, by supporting local projects, undertaking fundraising activities, taking part in community events and offering sponsorships. The Society continues to offer every member of staff the opportunity to take two days paid leave to support community projects or local charities of their choosing.

Our branches and head office staff support eight charities, which were selected by staff and members. The events and activities undertaken included:-

- Newbury and Thatcham branch teams completed static cycle challenges to raise funds for Newbury & District Cancer Care Trust.
- Wokingham branch staff completed a sponsored Forget-Me-Not Walk and raised more than £375 for the Sue Ryder Duchess of Kent Hospice.
- Our head office staff held cake bakes, Halloween competitions and a Christmas event to raise more than £1,000 for Alzheimer's UK.
- Abingdon and Didcot branch staff completed a gruelling 874-mile virtual cycle ride and raised £1,244 for Helen & Douglas House.

The Society created a charity savings account, in support of these eight charities, where the Society pays an additional amount of interest to the saver's chosen charity on an annual basis.

Other events and activities undertaken in our communities included;

- Junior Newbury Building Society (JNBS), now in its ninth year, offers primary school children the opportunity to learn how to save and understand basic personal finance matters in a fun and interactive environment. We continue to receive positive feedback from the

children and teachers involved, and look forward to celebrating its 10 year anniversary in 2018.



As part of the Junior Newbury Building Society scheme, Sherborne St John Church of England Primary School visited the Basingstoke branch for training on how to become a cashier.

- Sponsorship of the Winchester Hat Fair and Woolly Hat Fair, supporting art in the community in Winchester.
- Donation of a cash award to the Swings & Smiles charity in Thatcham to enable a group of children and their families to attend a pantomime.
- Staff from Basingstoke volunteered at the Basingstoke Big Wheel event and provided a water station for cyclists.
- Alton staff and members collected a large number of Sainsbury's Active for Kids vouchers, which were presented to Alton Infant School to purchase new PE equipment.
- Sponsorship of the Play to Give Football Tournament in Oxford, supporting Oxford's Children's Hospital.
- Continued sponsorship of a number of local sport teams including Berkshire County Cricket team, Newbury Rugby Football Club and Eversley & California Football Club.

This year the Society has made donations totalling £25,950 in support of local charities and community organisations. No contributions were made for political purposes.

The Society has been recycling plastics, glasses, metal and cardboard for a number of years and over the last year installed energy efficient lighting as part of an office refurbishment. The Society is keen to do more to reduce its carbon emissions and in light of this the Society has engaged the services of an external organisation to assist in the identification of further potential energy savings.

## **The Future**

Reaching £1bn assets has been a major achievement for the Society in an era when remaining independent and strong has been a significant challenge to building societies throughout the country. The fact the Society has achieved this milestone earlier than planned and with larger reserves than we anticipated gives us great confidence as we enter into the next era of our business. This new era is likely to be categorised as the Financial Technology (Fintech) era and it is important that we have the critical mass to be able to develop our services to meet the needs and desires of our members. The Board believes that growth and profitability of recent years has provided the foundations for the Society to invest further in its staffing and technological capabilities and members will therefore see changes in quick time as technological advances move apace. The key decision for the Board is to pick the right time and the right services to offer to members, thereby providing members with the services they want, but at an affordable price. For instance there is a strong likelihood that we will need to offer members a mobile app at some stage in the future, but feedback so far suggests that the time has not yet come, something we will continue to monitor closely. In the next year the Society does intend to invest in video-based advice services for both mortgages and savings, which means that members will have more options on how they transact with us and be able to do so more quickly than in a branch-based service alone.

This year the Society has developed a web portal for mortgage intermediaries to use, which went live in the last quarter of 2017, and we continue to work with our software providers to develop 'decision in principle' technology. This portal is a vital element of our new proposition to intermediaries, who provide introductions and advice on 70% of our mortgage business.

While technology will be a key focus, the Board is fully committed to the branch network, promoting a savings culture using fair and transparent products, which offer good value in the short, medium and long term. Our aspiration is for our Newbury brand to be instantly recognisable in our branch towns and synonymous with what differentiates us from banks: member focus, value and engagement; relevant attractive products; exceptional service; a safe, sustainable, but not excessive, profit-making business; and mutuality (best described as the benefit of being member-owned). We have updated our Purpose, Vision and Culture statement this year to reflect these sentiments and it is set out on page 12 of the Annual Report and Accounts.

At the beginning of 2017, the Society became members of the Institute of Customer Service and we were delighted to receive a Customer Satisfaction rating of 89.1 from a survey of 557 members conducted by the ICS in the Spring. This survey confirmed the Society as the highest performing organisation against UKCSI data, which is clearly an excellent base from which to seek to improve service levels further. The most regularly quoted comments about our service are 'helpful', 'friendly' and 'efficient'.

In 2018, the Society intends to introduce a customer charter to inform members formally what service levels to expect as well as to conduct surveys to gain further insights from members. Coupled to internal changes in recruitment process, training and a business improvement programme, the Society is ultimately seeking the ICS

ServiceMark accreditation and this will be a focus of our people development strategy in 2018.

There are many challenges ahead for the Society as large banks and a number of 'challengers' or 'disrupters' are looking to attract market share, which inevitably means competition is increasing. This can only be good for members and it will remain our intention to offer fair-priced savings and mortgage products, to lend responsibly and to support borrowers to achieve their housing aspirations. We will continue to provide advice in our branches and operate in niches where the wider market lacks capacity or capability. The Board is also aware that the housing market is currently subject to an abnormally high level of Governmental intervention, which means the Society will continue to pay particular regard to the appropriateness and quality of its mortgage lending, to ensure that there is a smooth transition when the level of Governmental support is unwound in future years.

The Board believes that a successful future lies ahead for the Society as an independent, branch-based, technologically-enabled and vibrant mutually-owned business.

## **Risk Management Framework**

The Society operates in a business environment that contains a wide range of financial and non-financial risks. To ensure that these risks are contained within the Board's risk appetite a risk management framework (RMF) operates throughout the Society. To enable a clear focus on this area, the Board delegates the oversight of the RMF to the Risk Committee.

During the year the RMF has been updated to ensure it continues to remain appropriate given the Society's increased size and future planned growth. While a three lines of defence approach had previously been applied, the second line risk team has now been strengthened and a Chief Risk Officer, who is an Executive Director on the Board,

has been appointed (from February 2018) to oversee the effective implementation of the RMF and to centralise the independent review of risks and uncertainties in the business.

## **Principal Risks and Uncertainties**

The principal risks to which the Society is exposed, along with the risk governance framework and associated policies, are set out below.

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

The Society has a cautious risk appetite across all of its principal risks. The Risk Committee reviews the key risk indicators for each principal risk on a regular basis and monitors that appropriate action is being taken where risk doesn't align with appetite.

## **Strategic Risk**

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

## **Credit Risk**

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

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

control reports are regularly considered by the Credit Committee.

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

### **Liquidity Risk**

Liquidity risk is the risk of being unable to meet demands and commitments to provide funds to customers and other third parties.

Liquidity risk is controlled through adherence to the Board-approved Liquidity & Financial Risk Management Policy, which ensures sufficient funds in liquid form are available at all times so the Society can meet its liabilities as they fall due.

Stress tests are carried out regularly to confirm that the Society can withstand normal and abnormal cash outflows. The Liquidity & Financial Risk Management Policy is regularly reviewed by Assets & Liabilities Committee and is approved by the Board.

### **Market Risk**

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

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

A detailed analysis of the Society's interest rate sensitivity at 31 October 2017 can be found in note 24 of the Annual Report and Accounts on pages 55 to 58.

### **Operational Risk**

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

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

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

### **Legal and Regulatory Risk**

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

### **Conduct Risk**

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

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

The executive committees monitor conduct risk at an operational level.

### **Directors**

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

- Peter Brickley
- John Parker
- Roland Gardner
- Lee Bambridge
- Ron Simms
- Tracy Morshead
- Phillippa Cardno
- Sarah Hordern
- William Roberts
- Zoe Shaw - Appointed 1/9/17

Biographies of the Directors appear on pages 20 and 21. None of the Directors had any beneficial interest in any connected undertaking of the Society as at the year-end. The Society maintains liability insurance cover for Directors and Officers as permitted by the Building Societies Act 1986. The Directors retiring at the Annual General Meeting are Peter Brickley and Phillippa Cardno who, being eligible, offer themselves for re-election. Zoe Shaw and Piers Williamson who were both appointed to the Board since the last AGM, and being eligible, stand for election.



## **Other Matters**

### **Creditor Payment Policy**

It is the Society's policy to pay suppliers within agreed terms providing the supplier performs according to the terms of the contract. The number of creditor days at 31 October 2017 was 8 (2016:13).

### **Going Concern**

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

### **Events since the Year-End**

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

## **Auditor**

Following a recent tender process, details of which can be found in the Audit Committee Report on page 20 of the Annual Report and Accounts, the Board are recommending that Deloitte LLP are appointed as external auditors of the Society for the 2018 year-end. A resolution for their appointment will be proposed to the forthcoming Annual General Meeting of the Society.

Peter Brickley  
Chairman  
20 December 2017

# Summary Statement

	2017 £000s	2016 £000s
<b>Society results for the year</b>		
Net interest receivable	15,912	15,942
Other income and charges	(43)	25
Net gain / (loss) on derivatives	133	(447)
Administrative expenses	(8,777)	(8,292)
Provision for bad and doubtful debts	9	(28)
Provision for FSCS levy	109	(195)
Profit for the financial year before taxation	7,343	7,005
Taxation	(1,425)	(1,387)
Profit for the year	5,918	5,618

## Society financial position at the end of year

### Assets

Liquid assets	156,240	150,008
Derivative financial instruments	373	80
Mortgages	843,402	780,787
Fixed and other assets	8,642	8,463
	1,008,657	939,338

### Liabilities

Shares	839,296	767,617
Borrowings	97,510	105,734
Derivative financial instruments	523	1,554
Other Liabilities	2,507	2,624
General Reserves	68,821	61,809
Total liabilities	1,008,657	939,338

## Key financial ratios

	%	%
Gross capital as a percentage of shares and borrowings (note 2)	7.35	7.08
Liquid assets as a percentage of shares and borrowings (note 3)	16.68	17.18
Profit for the year as a percentage of mean total assets (note 4)	0.61	0.62
Management expenses as a percentage of mean total assets (note 5)	0.90	0.92

Peter Brickley   Roland Gardner   Lee Bambridge  
Chairman   Chief Executive   Finance Director

20 December 2017

# Notes to the Summary Statement

1. In common with all regulated UK deposit takers, the Society pays levies to the FSCS to enable the FSCS to meet claims against it. During 2008 and 2009 claims were triggered against the FSCS in relation to Bradford and Bingley plc, Kaupthing Singer and Friedlander, Heritable Bank plc, Landsbanki Islands hf, London Scottish Bank plc and Dunfermline Building Society.  
  
The FSCS meets these current claims by way of loans received from HM Treasury. The FSCS seeks to recover the interest cost of these loans, together with ongoing management expenses to cover the costs of running the scheme, by way of annual levies on members, including Newbury Building Society.  
  
The provision at 31 October 2017 includes an estimate of the interest levy for the scheme year 2017/18.
2. The gross capital ratio measures the Society's capital as a proportion of its shares and borrowings. The Society's gross capital consists of general reserves and revaluation reserve which have been accumulated over many years.
3. The liquid assets ratio represents the total of cash, deposits and government securities held by the Society as a proportion of the Society's shares and borrowings. Liquid assets are held by the Society for prudential purposes in order to meet investor withdrawals from their accounts, make mortgage advances to borrowers and to fund general business activities.
4. Profit for the year as a percentage of mean total assets represents the Society's profit for the year (after tax) as a proportion of the average total assets held during the year. Subject to the overriding need to maintain a strong capital position, the Society seeks to minimise this figure for the benefit of members.
5. The ratio of management expenses to mean total assets is one of a range of ratios, widely used in the industry, to measure administrative efficiency.

# Independent Auditor's Report to the members of Newbury Building Society

## Opinion

We have examined the summary financial statement of Newbury Building Society ('the Society') for the year ended 31 October 2017 set out on pages 6 to 18.

On the basis of the work performed, as described below, in our opinion the summary financial statement is consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year ended 31 October 2017 and conforms with the applicable requirements of section 76 of the Building Societies Act 1986 and regulations made under it.

## Basis for opinion

Our examination of the summary financial statement consisted primarily of:

- Agreeing the amounts and disclosures included in the summary financial statement to the corresponding items within the full annual accounts, Annual Business Statement and Directors' Report of the Society for the year ended 31 October 2017, including consideration of whether, in our opinion, the information in the summary financial statement has been summarised in a manner which is not consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for that year;
- Checking that the format and content of the summary financial statement is consistent with the requirements of section 76 of the Building Societies Act 1986 and regulations made under it; and
- Considering whether, in our opinion, information has been omitted which although not required to be included under the relevant requirements of section 76 of the Building Societies Act 1986 and regulations made under it, is nevertheless necessary to include to ensure consistency with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year ended 31 October 2017.

We also read the other information contained in the Members' Review and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Our report on the Society's full annual accounts describes the basis of our opinions on those annual accounts, the Annual Business Statement and Directors' Report.

## Directors' responsibilities

The directors are responsible for preparing the summary financial statement within the Members' Review, in accordance with applicable United Kingdom law.

## Auditor's responsibilities

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

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

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

**Peter Lomax**  
**for and on behalf of KPMG LLP,**  
**Statutory Auditor**

Chartered Accountants  
66 Queen Square, Bristol, BS1 4BE  
20 December 2017

## Non-Executive Directors



**Peter Brickley**  
Chairman of the Board

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



**John Parker**  
Vice Chairman

John was appointed to the Board of Directors in April 2007. He is a Chartered Accountant and a member of the Chartered Institute of Bankers. He is Chairman of the Remuneration Committee and a member of the Audit, Risk and Nomination Committees. John retires at the AGM in February 2018.



**Sarah Hordern**  
Non-Executive Director

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



**Tracy Morshead**  
Non-Executive Director

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



**William Roberts**  
Non-Executive Director

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



**Zoe Shaw**  
Non-Executive Director

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



**Ron Simms**  
Non-Executive Director

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



**Piers Williamson**  
Non-Executive Director

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



**Lee Bambridge**  
Finance Director

Lee joined the Society and the Board of Directors in July 2007. He is a Chartered Accountant and a Corporate Treasurer and previously worked in the aerospace industry. Lee is responsible for the Society's capital, liquidity and funding position as well as for financial reporting and risk management.



**Phillippa Cardno**  
Operations & Sales Director

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

## Executives



**Nigel Briggs**  
Head of Compliance & Company Secretary

Nigel joined the Society as an Executive in February 2014. He is Company Secretary, heads the Compliance function and attends the Audit Committee by invitation. Nigel is an MBA and holds an MSc in Economics and Social Policy Analysis and reports to the Chief Executive.



**Erika Neves**  
Head of Risk

Erika joined the Society in 1991 and became an Executive in 2002. She heads the Risk function and attends the Board Committees by invitation. Erika is a graduate with the Certificate and Diploma in Mortgage Advice and Practice and reports to the Chief Executive.



**Ian Willson**  
Head of IT

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

# Directors' Attendance Record

( ) = number of meetings required to attend

Director	Board	Audit	Risk	Remuneration	Nomination
Peter Brickley	11 (11)		4 (4)	2 (2)	2 (2)
John Parker	10 (11)	4 (4)	4 (4)	2 (2)	2 (2)
Lee Bambridge	11 (11)				
Phillippa Cardno	11 (11)				
Roland Gardner	11 (11)				
Sarah Hordern	10 (11)		3 (4)		
Tracy Morshead	11 (11)		4 (4)		
William Roberts	11 (11)	4 (4)	4 (4)		
Ron Simms	10 (11)	4 (4)	4 (4)	1 (2)	1 (2)
Zoe Shaw*	2 (2)		1 (1)		

\* Appointed 1 September 2017

## Directors' Remuneration Report

This report explains how the Society applies the principles of the UK Corporate Governance Code April 2016 (the Code) relating to remuneration. It also explains how the Society's remuneration policy complies with relevant regulations including the Remuneration Part of the Prudential Regulation Authority's Rulebook and the Financial Conduct Authority's Remuneration Code for dual regulated firms (SYSC 19D). The Remuneration Committee has determined that, as at 31 October 2017, all seven of the current Non-Executive Directors and the three Executive Directors, as well as three other members of senior management reporting directly to the Executive Directors, are classified as Material Risk Takers (MRTs) and subject to the Remuneration Code. The Remuneration Committee does not consider that any members of staff who are not members of the Board or the Executive management team should be classified as MRTs.

### The Level and Components of Remuneration

#### Code Principle:

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

#### Comment:

The Society's objective when setting remuneration is to ensure that it is in line with its business strategy, risk appetite and long term objectives, and that it is consistent with the interests of members as a whole.

Remuneration is set at a level to retain and attract individuals of the calibre necessary to operate and meet the Society's objectives.

#### Executive Directors Emoluments

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

#### Basic Salaries

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

#### Annual Performance Related Pay Scheme

The annual scheme is based on the Society's key financial measures of profitability, control of costs, growth in mortgages, and increases in member numbers and total assets. A maximum of 5% of salary (prior to any salary sacrifice) can be earned for achievement of these targets together with a maximum 5% of salary based on personal contribution.

As a mutual, the Society has no share option scheme, and none of the Directors has any beneficial interest in, or any rights to subscribe for shares in or debentures of, any connected undertaking of the Society. Performance related payments are not pensionable and are paid in cash through payroll.



## Benefits

The Society makes a contribution of up to 20.25% of salary (before salary sacrifice where applicable) to Executive Directors' private pension arrangements. Executive Directors receive other benefits comprising private healthcare scheme (covers the Directors and their families), death in service and income protection insurance. The Society does not provide concessionary home loans to Directors.

### Executive Directors Contractual Terms

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

## Non-Executive Directors

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

## Other Material Risk Takers

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

## The Procedure for Determining Remuneration

### Code Principle:

*D.2. There should be a formal and transparent procedure for developing policy on Executive remuneration and for fixing the remuneration*

*packages of individual Directors. No Director should be involved in deciding his or her own remuneration.*

### Comment:

The remuneration of the Non-Executive Directors, Executive Directors and other members of senior management is overseen by the Remuneration Committee, which consists of three Non-Executive Directors and which meets as required. During the reporting period the composition of the Committee satisfied the Code provisions regarding independence. The Chief Executive attends by invitation but takes no part in the discussion of his own salary. Minutes of the Committee's meetings are distributed to all Board members.

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

## Non-Executive Directors:

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

## Executive Directors

The performance related pay scheme is designed to encourage the achievement of key business objectives relating to a balance of financial performance, customer service and sustainable growth over a multi-year timeframe. In setting variable remuneration targets the Committee considers the balance between the fixed and variable components of remuneration to ensure that the ratio is appropriately balanced and in line with the risk profile of the Society. The Committee believes that the performance related targets set for 2017 were suitably balanced and hence risk adjusted.

Whilst it is not required to do so, the Committee defers a proportion of the performance related payment to Executive Directors in order to discourage inappropriate risk taking. This is not considered necessary for the remaining members of the senior management team given that they report in to the Executive Directors.

The Remuneration Committee assesses whether any performance related payments should be made taking into account reports, where applicable, from the risk and compliance functions. Variable remuneration is not guaranteed and can be withheld due to material underperformance and serious compliance failings or in other circumstances, for instance in the case of misconduct.

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

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

John Parker  
Chair of the Remuneration Committee  
20 December 2017

## Executive Directors' Emoluments

	Salary £000s	Performance Related Pay £000s	Taxable Benefits £000s	Pension Contribution £000s	TOTAL £000s
<b>2017</b>					
Roland Gardner	218	19	2	-	239
Lee Bambridge	174	15	2	-	191
Phillippa Cardno	111	12	2	23	148
<b>TOTAL</b>	<b>503</b>	<b>46</b>	<b>6</b>	<b>23</b>	<b>578</b>

<b>2016</b>					
Roland Gardner	195	18	2	19	234
Lee Bambridge	169	15	1	-	185
Phillippa Cardno	103	11	1	21	136
<b>TOTAL</b>	<b>467</b>	<b>44</b>	<b>4</b>	<b>40</b>	<b>555</b>

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

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

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

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

	<b>2017 £000s</b>	<b>2016 £000s</b>
Peter Brickley (Chairman)	42	40
John Parker (Vice Chairman)	31	30
Abigail Gammie (resigned 31/12/15)	-	4
Sarah Hordern	27	26
Tracy Morshead	27	26
William Roberts	27	25
Zoe Shaw (appointed 1 September 2017)	5	-
Ron Simms	31	30
	<b>190</b>	<b>181</b>

### **Loans to Directors and connected persons:**

The aggregate outstanding balance at the end of the financial year in respect of loans from the Society to Directors and connected persons was £376,310 (2016: £395,678) representing loans to two (2016: two) persons. A register of loans to and transactions with Directors and connected persons is maintained. It is available for inspection by members at the Society's Head Office for the period of fifteen days prior to the Annual General Meeting and at the Annual General Meeting.

# Notice of the 161st Annual General Meeting

Date: **Monday 26th February 2018**

Time: **11:00am**

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

The meeting will commence at 11.00am on Monday 26th February 2018 for the following purposes:

1. To receive the Auditor's Report, the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31st October 2017.
2. To consider and if thought fit pass an Ordinary Resolution to 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 Peter John Brickley and Phillippa Cardno and to elect John Piers Williamson and Zoe Rosemary Leyland Shaw 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 2017 (see f below).
5. To transact any other business permitted by the Rules of the Society.

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

- a. A Member may attend and vote at the Annual General Meeting as described above. Members must bring evidence of their Membership in order to gain admission. This must be a current passbook or mortgage statement.
- b. A Member may appoint one proxy to attend and vote on their behalf. A Member may appoint the Chairman of the meeting or anyone else as their proxy. A proxy does not have to be a Member of the Society. A proxy may vote at the meeting, but only on a poll. A proxy must attend the meeting and bring a form of identification in order to vote on behalf of a Member. A proxy, if other than the Chairman, may not speak at the meeting, except to demand or join in a poll. A Member may instruct their proxy how to vote at the meeting by following the instructions on the Proxy Voting form. If you appoint a proxy to vote on your behalf and your proxy does not attend the meeting, your vote will not be counted.
- c. To qualify as a voting shareholding Member, you must be an individual of at least 18 years of age on the 26th February 2018; have held at least £100 in any Society share account on 31st October 2017; continue to hold shares at all times up to and including the voting date; and be first named on the account in the records of the Society.
- d. To qualify as a voting borrowing Member, you must be an individual of at least 18 years of age on the 26th February 2018; have held a mortgage with the Society to the value of at least £100 on 31st October 2017; 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 5 in this Notice of Meeting relates to a resolution for Members to vote on the Directors' Remuneration Report for 2017 set out on pages 22 to 25 of this booklet. As a building society, we are not obliged to ask Members to vote on this, but in accordance with best practice we are asking for an advisory vote and the Board will consider the result and decide what action if any is appropriate.
- g. The deadline for postal or online votes is 3pm on 22nd February 2018.

By Order of the Board  
Nigel Briggs – Society Secretary  
22nd January 2018

### Notes:

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

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

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

It's important that we give back to the communities in which our members and our staff live and work. In January 2017 we announced the eight charities that we were partnering with. The charities were chosen and voted for by our staff and members.

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

**St Michael's Hospice**  
Basingstoke/Alton branch

**Andover Mind**  
Andover branch

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

**The Newbury & District Cancer Care Trust**  
Newbury/Thatcham branch

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

**Sue Ryder**  
Wokingham branch

**Alzheimer's Society**  
Head Office

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

## How to get to the Annual General Meeting



**Abingdon**

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

**Alton**

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

**Andover**

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

**Basingstoke**

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

**Didcot**

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

**Hungerford**

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

**Newbury**

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

**Thatcham**

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

**Winchester**

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

**Wokingham**

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Wokingham  
Berkshire RG40 1AU  
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**Head Office**

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Newbury  
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