



Members' *Review*

Incorporating Summary Financial Statement
for the year ended 31 October 2024

Our performance highlights



£266m
Gross mortgage lending
2023: £275m



£8.0m
Profit after tax
2023: £7.3m

20.0%
Total capital ratio
2023: 20.8%

71.4 Customer
Net promoter
score

Over
650
hours of
volunteering
logged

Assets of
£1.65bn
2023: £1.55bn



£131m
Savings balances growth
2023: £149m



We won the **Treating Customers Fairly Award** at the 2024 British Bank Awards, run by Smart Money People



£107k
Charitable donations
2023: £120k

Chairman's statement



"As an independent, member-driven, mutual business, your Society has much to be proud of. Newbury Building Society remains a safe, financially resilient and customer caring organisation, and is well placed to weather future challenges"

Piers Williamson, Chairman of the Board

I am delighted to report the Society continues to build on its solid customer and financial foundations, and has achieved yet another strong performance in 2023/24, our 167th year.

As an independent, member-driven, mutual business, your Society has much to be proud of. Our core purpose of helping our members build sustainable futures through the Society being the trusted provider of mortgages and savings in our communities has led to improved asset growth, a solid profit performance, and a strong capital position, something which has characterised so many of our performances in recent years.

Our 'Customer First Approach' continues to go from strength to strength, and supports our view that customers want to borrow and save with an organisation who understands their needs and delivers fair value. Therefore, a strong focus on providing excellent customer service through: investing in our branch service proposition, enhancing our digital capabilities by improving online services, the launch of a new mobile app, and looking after our people, remained front and centre in the Society's strategic plans. Our progression with our strategic investment programme continues to underpin our success.

I am also pleased to share that our care and focus on looking after and supporting our customers resulted in the Society winning two awards during the year - Treating Customers Fairly (British Bank

Awards) and Consumer Duty Leadership in Retail Banking (Consumer Duty Leadership Awards). These two great achievements continue to demonstrate the value and importance we as a Board place on looking after its members and delivering great customer experiences.

Market conditions and the Society's performance

Trading conditions were mixed throughout the year, and both domestic and global economic challenges continued to dominate the markets in which we operate. A newly elected UK government added to the mix, and we have yet to fully understand the impact of any policy decisions on the markets we operate in as we head into 2025. However, back to 2024, a subdued property market resulting in a smaller, but highly competitive mortgage market, continued pressures on cost-of-living, and a higher interest rate environment, all played a part in making operating conditions challenging, although we did see the first downward Bank of England bank base rate reduction in August 2024. Notwithstanding these challenges, we delivered a strong financial performance, and I am pleased to report the Society achieved 6.6% asset growth, ending the year with a balance sheet of £1.65bn (2023: £1.55bn), with strong mortgage growth of 9.4% (2023: 11.6%).

The Society continued to raise retail funding through its branch network and online services, with balances increasing by almost £131m including capitalised interest (2023: £149m). As a result of the strong performance, I am pleased to report the Society was able to repay a further £36m of the Society's Bank of England's Term Funding Scheme (TFSME) borrowings, with the remainder of the funding, £49m as at 31 October 2024, due to be repaid by October 2025.

Repaying TFSME borrowing and enabling our strong mortgage growth, resulted in the Society ending the year with liquidity at 17.7% of shares and deposits (2023: 19.9%), and remains in line with our strategic plans to fully repay central bank funding, and continue to grow our

mortgage book.

With both a strong mortgage and savings performance, the Society delivered a solid profit after tax of £8.0m (2023: £7.3m), enabling us to continue to invest in products and services to meet the needs of our customers.

In our community

A key element of the Society's purpose is to be socially responsible and to make a positive difference to our local communities. We continued throughout the year to support those who live and work in and around our Head Office and branch towns. 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.

Throughout the year we remained committed to providing support through our charity partners, with the Society being involved with many volunteering, sponsorship and fundraising activities. Many people need help, however small, and we do our best to make a difference to their lives. Your support, and the support from our people, in making this difference is both humbling and heartening. We provided £30k of financial aid following on from the £42k provided in 2023, and through our Community Support Scheme helped 38 different organisations provide vital services and care to people in their communities, by donating £13k (2023: £17k). We also make an annual donation to our member's preferred charities through our Charity Savings Account and this year paid £55k (2023: £78k).

It is always extremely pleasing to share how we continue to help our communities, and we will continue to make a difference and help others. Pages 17 and 18 provide more insights on the great work your Society does to help those in most need.

Board changes

The Board's responsibility is to ensure the Society delivers on long-term value for customers. In parallel, we must make sure the Society is



sustainable and has strong financial foundations. The Board functions best when it is made up of a diverse group of directors, and I am pleased to report that we continue to be a strong, cohesive and member focussed Board.

During the year we said goodbye to Will Roberts who retired from the Society in February 2024 after serving 9 years as a non-executive director. Will had been our Senior Independent Director, Chair of Audit and Chair of Remuneration at times during his tenure. The Board thanks Will for his professionalism and considerable commitment to the Society over many years and wishes him well for the future.

Following Will's retirement, we are in the process of appointing a new non-executive director to join the Board.

Conclusion

The need to continue to support our members and communities remains at the heart of what we do as we enter our new financial year and beyond. Newbury Building Society remains a safe, financially resilient and customer caring organisation, and is well placed to weather future challenges, and take opportunities to deliver on our strategic aspirations.

To end I would like to thank the Board, the senior leadership team and all Society colleagues for making the Society the strong and successful organisation it is today, and for their on-going commitment in ensuring we remain relevant, sustainable and successful in the years to come. I would also like to thank you, our members, for your continued support and loyalty.

Piers Williamson, Chairman
18 December 2024



Phillippa Cardno
Chief Executive



Reflecting on the year's performance, I am enormously proud the Society has not only successfully navigated through the challenges and taken opportunities when they have arisen, but has continued to make your Society relevant and sustainable for the years to come.

Chief Executive's *review*

2023/24 Performance and Reflections

When I look back on the last year and the Society's performance and achievements, I am filled with a great sense of pride. I am proud of many of our achievements – how we have looked after our customers, both those that have been with us for many years and those who became members during the year, continued to care for the needs of both savers and borrowers, improved branch and digital services including the launch of a new mobile app, supported those in our communities in most need of help through our charity and volunteering work, and looked after our people who make all this happen.

The Society's financial performance in 2023/24 has also been remarkable despite the tougher trading conditions we have had to operate in, and we have once again strengthened our financial standing for our future. Last year, I reported we were a £1.55bn organisation, this year I can report we are a £1.65bn organisation, a great accomplishment, and achieved through balancing the needs of savers, borrowers, and our people simultaneously. Meeting these needs is at the centre of who and what we are, and this has been

both challenging and rewarding for the Society.

Reflecting on the year's performance, I am enormously proud the Society has not only successfully navigated through the challenges and taken opportunities when they have arisen, but has continued to make your Society relevant and sustainable for the years to come.

Customer strategy, products and services

Our customer service strategy is to deliver service excellence where customer experience makes a positive and sustainable impact on customers, brokers, and our branch communities. Our strategy continues to support long term customer value. This is enabled by having a focused growth ambition which in turn is led by our purpose of helping our members build sustainable futures through the Society being the trusted provider of mortgages and savings in our communities. We have continued to build on our strengths as a customer-focused, community orientated organisation, whilst embracing the opportunities presented by digital transformation, product modification, and enhancing the service proposition through the distribution channels in which our customers want to engage with us.

We remain committed to having a strong branch presence, and as a mutual we remain passionate about the difference our proposition makes to our customers, therefore, modernisation of our branch network continued during the year. Following our Abingdon, Newbury and Winchester branch refurbishments in recent years, we refurbished our Thatcham branch in the summer of 2024. In Thatcham town we are the last remaining financial services provider, and as part of the refurbishment we not only doubled the footprint of the branch and increased the number of counter positions and interview rooms, but we also went further with our service proposition by providing better access to cash in the community. This means both our customers and non-Society customers can deposit and withdraw cash, to and from other financial institution accounts, via a terminal in the branch linking to the non-Society account. This is a new initiative for the Society and one we are keen to learn from. It is also another great example of how we continue to look after our customers and support the wider community with financial services.

We are also aware that we need to continue to drive efficiencies and greater productivity through process optimisation and digital transformation, and this is key to our future success as customer needs continue to change and adapt, and how customers want to receive a service. This continues to encompass both face-to-face and online access. Our desire remains to be a fast follower of digital initiatives that add value to our customer experience without losing the 'human touch'. We also need to leverage current systems further to gain greater process efficiencies to further improve the excellent service we provide.

Therefore, we continued with our strategy of increasing the use of digital solutions to make it easier for customers to engage with us. This year we launched a new mobile app, that complements our **myaccounts** online service, making it easier for our customers to manage their savings accounts whenever and wherever they want. This received an enthusiastic uptake from our customers with over 3,000 downloads for the mobile app by 31 October 2024. Chat and SMS

messaging services for mortgage customers were also implemented, allowing customers different choices in the channels they wish to engage with us.

In July 2024 the Society implemented phase 2 of the Financial Conduct Authority's (FCA) new 'Consumer Duty' which legislates for higher standards in firms to ensure they act to deliver good outcomes for retail customers. Our Customer First Approach has evidenced good customer outcomes for many years and this duty strengthens our customer proposition. Consumer duty is not once and done, and we will continue to embed processes and practices into all we do to ensure our customers have the best outcomes.

Mortgages – the housing market has in recent years defied expectations and house prices have not fallen as heavily as previously forecast because of cost-of-living pressures and higher interest rates; in fact they have risen modestly throughout the year. That said, a higher interest rate environment, and a newly elected Government resulting in unknowns with regard to housing policy and the impact of fiscal policies, did slow potential homeowners' decisions to purchase. However, with a strong remortgage market and with over 80% of customers switching their mortgage rates to new pricing with the Society rather than move to a new lender, we achieved net lending of £117m (2023: £129m). A much higher performance than planned with growth of 9.4%, and together with the strong growth of 11.6% in the previous year, our mortgage book now stands at £1.36bn (2023: £1.24bn).

The Society's mortgage lending proposition continues to be 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 offered 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 Affordable Housing range, to customers

with credible repayment plans who require interest only mortgages and to those seeking mortgages beyond normal retirement dates.

Our focus on helping first-time buyers through Affordable Housing schemes, with Shared Ownership through Housing Associations being our particular specialism, whereby our borrower purchases up to 75% of the property and rents the remainder at a below private market rent remained a key strand of our lending strategy. This form of tenure is a vital option for first time buyers as the price of full property ownership is simply out of reach for the average first time purchaser.

In total we ended the year with £266m of gross lending (2023: £275m), with new shared ownership mortgages representing 23.7% (2023: 18.5%) of the total.

Arrears – Despite continued affordability pressures on household incomes and outgoings, our arrears statistics remained firmly under control and within our expectations. We ended the year with 50 cases two months or more in arrears, an increase of nine from the previous year. Arrears amounts increased from £302k to £324k, which out of a book of over £1.36bn, is extremely low. Whilst it has been comforting that borrowers have been collectively able to withstand a number of payment stresses created by the higher interest rate environment, the figures continue to provide tangible evidence of the underlying quality of the book as a result of our prudent lending policy.

We have also continued to support borrowers in need and offered a range of forbearance options, as well as remaining a signatory on the Government's voluntary Mortgage Charter, which provides support options to homeowners, for example by temporarily switching to interest only or extending a mortgage term.

Savings – the need to raise funding through retail savings was a key focus as the Society continued its strategy to enable mortgage growth and repay the Bank of England's TFSME borrowing, as our Chair has mentioned in his statement.

Our savings performance has been harder fought throughout the year as competition in the market intensified, and other financial service institutions also sought to repay their TFSME borrowing. However, we ended the year with a pleasing growth of £131m (including capitalised interest), primarily supported by Senior Saver, ISA and Fixed Rate Bond products. This increase in savings levels brought with it 2,948 new savings relationships.

As we compete in a decreasing Bank Base Rate environment, we will continue to be alive to customer needs and market changes and respond appropriately. Retaining the right balance between savings and lending is one of the key criteria of managing the Society successfully, and in doing so we have to consider what is best for the membership as a whole.

Financial performance

Our financial performance goes from strength to strength, and it is extremely pleasing to report on this performance. With a strong customer proposition, competitive and fair value pricing for both borrowing and saving customers, and services that meet the needs of our customers, the Society continues to grow sustainably. A strong asset growth performance of 6.6% has also allowed the Society to absorb continued cost pressures and enabled the Society to continue to invest in services, processes and systems, for the benefit of our customers and our people.

The Society has not been immune to cost pressures throughout the year, with management expenses increasing by over 10% in 2023/24 compared to the previous year. Not all the cost growth is attributable to inflationary pressures, as it includes investment in our branches, digital processes and systems and our people. We have continued to control our costs and ended the year with a management expense ratio of 1.01%.

The Society recorded a post-tax profit of £8.0m, an increase from the £7.3m reported last year. Operating in a higher Bank Base Rate environment for the majority of the year, we benefitted on earnings from the Society's liquid assets and derivatives.

As a mutual organisation we do not seek to maximise profits. However, we do need to achieve a level of profitability that is sufficient to balance member value and retain a robust capital position to fund future investment in our business. We have built up a strong capital position over many years by having a strategy of sustainable growth, low credit losses and sound cost control. The Society's capital ratio ended the year at 20.0%, a small decrease from the previous year of 20.8%, the main reason being the strong mortgage growth of 9.4%. This capital metric continues to place the Society in a strong position as we continue through a period of higher interest rates for longer and the likelihood of slow economic growth.

Further detail on the Society's financial position and year on year performance is contained in the Financial Review on pages 24 to 28.

Our people

The Society's strength lies in our people, and without the right people, with the right skills, behaviours, and values we cannot succeed. Our people are the solution to us offering the exclusive and meaningful customer experience that the Society is known and recognised for. The importance of our people to deliver our high standards of customer service within high quality policy and management standards is fully recognised. We retain a strong, vibrant culture, where our people feel empowered to deliver great customer service.

In the year, through an independently run employee survey, 90% of our people told us, 'they are inspired by our vision to be the trusted provider of savings and mortgages in our communities', and 97% told us, 'their team are committed to delivering a high quality service to both internal and external customers'. We also achieved an employee net promoter score of +32 (average financial services score*: +25), based on the question, 'would you recommend the Newbury as a place to work?'. We are proud of these achievements, and it is a great testament to the values and behaviours of our people and the culture within the organisation. However, we are not complacent and continue to drive forward an agenda for our people to be

the best they can be. This requires us to focus our efforts into maintaining our inclusive and vibrant culture where people feel heard, recognised and supported to be their best.

* Source: CultureAmp Financial Services organisation eNPS July 2024.

A focus on our employees' wellbeing is an important element of our employee proposition. We continue to support our people through a range of support options such as an Employee Assistance Programme (EAP), a Cash Health Plan which provides support and access to a range of medical and health services, and access to mental health first aiders as well as training sessions on financial wellbeing.

Our Green Ambition

We aspire to be a sustainable business that works in a socially responsible and environmentally friendly way by minimising our carbon footprint and helping our customers and communities live more sustainably. The Society's Green Ambition has progressed around the three pillars of Greener NBS, Greener Homes and Greener Lives. Formed in 2021 these each pursued a series of specific objectives towards the Society's overall green ambition. These three pillars, continue to support activities across company, customer and community.

During the year we continued to reduce our own carbon footprint, through the adoption of a number of measures such as reducing our reliance on gas and the use of renewable energy across the majority of our sites.

We have also spent time in 2023/24 educating ourselves on trying to improve understanding and create initiatives and ideas that might meet member's needs. This included work with Severn Wye Energy Agency, a sustainability charity, to offer our members free home energy surveys. Eligible mortgage customers have been able to apply for a home energy survey which improves their knowledge on what they could do to their home, in what order and for what cost to improve the energy efficiency.

Our approach into 2024/25 continues to be one of increasing understanding and raising awareness and education both internally and for our customers. We will continue with offering home energy surveys, and widening the reach to include savings members.

Pages 10 and 11 lists some of the things we have achieved to date together with what is next.

Our future

Your Society has a bright future, and in the coming year, we will continue to do what we do well – look after our customers by delivering great customer service and supporting our people. We are a capable, resilient, and financially strong organisation, and in a solid place to withstand economic uncertainty that continues to impact the markets in which we operate. Whilst cost-of-living pressures continue to exist in many households, there is cautious optimism that property trading conditions will be more favourable in the short to medium term. And, as interest rates decrease we will look after both our savers and our borrowers, something we have done for many years.

We will continue to build on services to support our customer proposition through face-to-face, telephone, mobile and online services, and these remain at the heart of our plans. Our core goal of serving our customers in any way they choose remains, by enjoying the advantages of a 'bricks and clicks' service.

The growth and profitability of recent years has provided the foundations for the Society to make investments, not only for the benefit of our current members, but also for those who will be our future members.

Our aspiration is for the Newbury Building Society brand to be instantly recognisable in our branch towns and synonymous with what differentiates the Society from banks: being a mutual, member centric organisation, with relevant, attractive products and exceptional customer service.

To end, I would like to thank all my colleagues for their contribution to a great 2023/24 performance, and I look forward to the opportunities that 2024/25 will bring and continuing to look after the needs of our customers and people.

Phillippa Cardno, Chief Executive
18 December 2024



The opening of our new-look branch in Thatcham on 31 May 2024, with Chief Executive, Phillippa Cardno, cutting the ribbon.



Climate risk

The Board recognises that the Society’s activities have both a direct and indirect impact on the world around us and has continued to make progress against this important area of Society strategy.

The Society’s climate risk strategy is structured around three pillars:



Greener Newbury Building Society

Minimise our own carbon footprint

Continuing to improve the efficiency of our buildings and reducing the carbon emissions from our operations together with reductions in the consumption of paper, waste and plastics usage



Greener Homes

Improve the environmental standard of our borrowers’ homes

Supporting initiatives to make the homes on which we lend to become more energy efficient and better prepared for regulatory and environmental change, and mitigating the impact on properties which are most at risk through new products together with policies and support for homeowners



Greener Lives

Support our branch communities

Providing access to educational resources, community funding and volunteering for environmental initiatives and product development to help members with environmentally friendly home improvements and to lead greener lives

Progress made

The Society has made significant progress since launching its Green Ambition to make the Society more sustainable, including: embedding climate change risk into strategic planning and governance processes; developing our base case data on energy usage; and reducing our energy consumption. Further progress was made in the financial year ended 31 October 2024, with additional activities planned for 2024 and beyond:

Progress in 2023/24	2024/25 onwards
<ul style="list-style-type: none">• Further reduction in gas consumption through replacement of boilers• Installed EV charging points at a further three of our branches• Entered into a partnership(s) to support the greening of UK homes	<p>Further activities are planned for the coming financial year and beyond, including:</p> <ul style="list-style-type: none">• Further branch refurbishments and upgrades• Improvements to our EV charging infrastructure

Progress in 2023/24	2024/25 onwards
<ul style="list-style-type: none"> On Scope 3 emissions: <ul style="list-style-type: none"> Undertook further research into emissions reporting Developed scope 3 emissions reporting, increasing the scope of emissions reported on to include employee commuting, waste, leased assets and home working Able to report on financed emissions for the first time 	<ul style="list-style-type: none"> Electrification of remaining Society vehicles Develop appropriate targets (see below), supported by further developments in analytical and reporting capability

Helping our members improve the warmth and efficiency of *their homes*

According to the Climate Change Committee (CCC), ‘efforts to adapt the UK’s housing stock to the impacts of the changing climate’ as well as reducing emissions, have stalled. As a mutual building society (one owned by its members), we believe it’s vital to support those members to retrofit their homes where needed, ensuring they’re comfortable and fit for the future.

In 2024 as part of our Green Ambition strategy, we launched a pilot offering home energy assessments to a small segment of mortgage members. Working in conjunction with Severn Wye Energy Agency, each assessment, worth approximately £500, was paid for by the Society.

The pilot aimed to help members better understand their homes, pinpointing areas for improvement. The goal was to help make homes warmer, reduce energy bills, and cut

carbon emissions. The recommendations varied, from minor, affordable changes like fitting LED lights to significant upgrades like swapping old boilers or installing solar panels.

Each assessment provided:

- A review of the homeowner’s energy bills.
- An updated EPC report.
- A tailor-made report with recommendations to enhance warmth, reduce carbon, and save money, ordered by cost.
- A rundown of potential funding sources, such as government grants.
- Assistance in finding trusted installers for eco-friendly upgrades.
- Ongoing telephone support.

So far, we’ve carried out six energy assessments and we’re excited to continue the journey into early 2025.

Metrics and targets

The Society uses a suite of metrics to help support the monitoring of climate risks through relevant governance channels. A summary is provided below.

Greenhouse gas (GHG) reporting

The Society’s GHG reporting has been completed in accordance with requirements of The Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013. Reported emissions have been calculated using the UK Government Conversion Factors, as supplied by the Department for Business, Energy Industrial Strategy and the Department for Environment, Food and Rural Affairs. The Society has set its organisational GHG emissions boundary using the operational control approach, which captures GHG emissions from operations under our control.

Emissions are categorised as Scope 1, 2 and 3 emissions and encompass the seven GHGs defined under the Kyoto protocol.

Emissions assessment

The Society’s measured carbon footprint for the year ended 31 October 2024 is 8,200.3 tonnes of carbon dioxide equivalent (tCO₂e) (2023: 160.3 tCO₂e). The significant increase can be attributed to the measurement and inclusion of a much wider range of scope 3 emission categories. The measurements for 2023 have been independently verified by the Carbon Footprint Company. The 2024 totals are in the process of being independently verified. The table below shows the breakdown between scopes 1, 2 and 3 and is presented using both a location and market based methodology, with market based taking

		t(CO ₂ e)	
Scope		2024	2023
1	Direct emissions that originate from assets that the Society owns or controls	12.5	23.2
2	Indirect emissions from the generation of purchased electricity	82.9	83.1
1&2	Location based	91.5	106.3
1&2	Market based	16.4	28.4
3	All other indirect emissions that occur across the Society’s operations	8,108.8	54.0
1,2 & 3	Total emissions – location based	8,200.3	160.3
1,2 & 3	Total emissions – market based	8,125.2	82.4

The year-on-year reduction in Scope 1 emissions can be almost entirely attributed to the full year benefit from a reduction in usage of our pool vehicles. The continued switch away from gas-powered heating to electricity powered heating and ventilation systems has resulted in increased electrical consumption with some branches, however an overall reduction in Scope 2 emissions can be reported for this financial year. Due to the Society’s electricity almost entirely being purchased from renewable sources, emissions measured on a market basis also shows an overall reduction. Previously measured Scope 3 emissions were at a similar level to the previous year as an increase in employee travel-related emissions back to pre-covid levels was offset by a reduction in the use of external couriers. The significant increase in reported Scope 3 emissions can be attributed to the inclusion of more emissions categories being reported for the first time.

Energy consumption

	2024	2023
Energy consumption - Natural gas (MWh)	61.1	76.9
Energy consumption - Vehicles (MWh)	15.9	18.2
Energy consumption - Electricity (MWh)	380.8	402.1
Total energy consumption (MWh)	457.8	497.2

Water and waste consumption

Water: The Society monitors its water consumption across its Head Office and branch properties. Consumption data is derived from meter readings for each property and reported under category 1 (purchased goods and services). This year we have also reported on our water waste emissions, which are included in our category 5 emissions (waste generated in company operations). Waste water is reported at an average of 95% of our total water consumption.

	2024	2023
Water consumption (m3)	1,698	1,526
Water treatment (m3)	1,613	n/a

Waste

Waste: The Society has started to collect information on our waste usage; using invoices from third party waste management companies, we can use the weight of collection multiplied by the emissions factor for the respective waste deposit system (open-loop recycling, combustion etc). For this financial year, unreported data includes our Didcot branch due to insufficient data, and the glass collection from our head office, both of which are minimal.

As part of each branch refurbishment the Society is able to report on the amount of waste generated by the refurbishment that has been diverted away from landfill. In respect of the refurbishment of our Thatcham branch, completed in June 2024, 98% of all waste was recycled. The Winchester branch, completed in November 2023, diverted almost 96% of all waste.

The Society's annual report and accounts contain more detailed information and disclosures on the Society's approach to climate change risk management.



Basingstoke branch helping maintain local green spaces.

Employees help out at Five a Day Market Garden in Englefield.

Our customers

Embracing Consumer Duty

Consumer Duty is a substantial piece of legislation brought in by the Financial Conduct Authority, effective for open products from 31 July 2023, and closed products from 31 July 2024. The key principle is that “A firm must act to deliver good outcomes for retail customers”.

Good outcomes for customers have always been the Regulator’s expectation. However, the Duty sets out an even higher expectation for the standard of care given by financial service firms, and a particular focus on ensuring that customers with vulnerabilities get at least the same outcome as those without – so there is a level playing field for all.

Over the last two years we have been working on what the Society needs to do differently and have delivered in several areas to build on our customer first approach, either to further support customers, or ensure mechanisms are in place to identify where we can improve.

This can be summed up in four areas; our people, our products, our support and your feedback.

1 *Our people*

Everyone within our business has a role to play in ensuring customers have good outcomes, whether they interact directly with customers or support those who do.

Our first step has been to ensure all our colleagues are clear about Consumer Duty, what it is and their part to play. Our Customer Charter helps with this. The Charter was designed by our colleagues and gives clarity of behaviours expected of them when dealing with customers and each other.

We have dedicated learning around the Duty and have integrated the concepts into our existing customer service learning programs. For example, all new employees attend our Thinking Like Customers workshop

which covers our Customer First ethos and expectations. The workshop also dives into what this looks like in practice, including an opportunity to mystery shop other organisations in Newbury town centre to assess good and poor practice, and apply that internally to what we do.

We also encourage our colleagues to think about our policies and procedures and the steps they can take to make or suggest changes to improve customer outcomes. We have dedicated change experts that actively seek out ways to improve what we do. This can be a material change, like introducing the mobile app or seemingly small changes which collectively make a big difference, such as supporting mortgage borrowers pay on time using text messages or removing the requirement for representatives to sign multiple forms to register the death of a loved one.

2 *Our products*

From a products perspective we have predominantly focused on extending governance around new, and changes to, mortgage and savings products, and changes to interest rates, in addition to a review of our existing products to ensure the right outcomes are being achieved.

We already have strong governance in place; however, the Duty has some prescriptive requirements around this, including fair value assessments that document what the price/rate of a product is, or the cost of a service and the benefit received. Benefits go beyond the terms of the product and includes for example, things like access to branches and level of service.

This has resulted in no material changes to products, however we have some examples of changes made including where we have changed an interest rate on a high loan to value mortgage product and removed a fee from another. We have also sent notifications to customers who have made high levels of



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savings withdrawals and incurred a charge because they are using our higher interest rate notice accounts as instant access accounts. This is a good example of where the Duty adds value, and we continue to look at contact strategies that nudge customers to think about the way they are using our products, to inform whether seeking an alternative is the right thing to do.

3 Our support

To create an inclusive online environment we are conscious that customers use the information we provide to decide whether a mortgage or savings product is suitable for them. With this in mind, we have updated our communications approach and aligned our approval and review process with the Duty's expectations. This includes a review of each communication by an employee outside of the area of the business where the communication sits, and for bulk communications (e.g. rate change letters), feedback from our Member Forum.

To support a review of over 300 communications, we employed a dedicated Servicing Communications expert to work with the business to ensure there is a consistency in style and standard, and that we are communicating in a way customers understand, without jargon.

We have introduced ReciteMe which is a digital accessibility tool for our website. The ReciteMe toolbar includes: screen reading functionality; multiple reading aids; customisable styling options; and live translation for 100 languages.

In addition to supporting customers access their online savings accounts on the move via a new mobile app, we have also extended our live chat service and use SMS for key updates to individual customers to support good outcomes e.g. reminding borrowers in arrears to make a payment or acknowledging payments from borrowers repaying their mortgage.

We continue to back the Government's Mortgage Charter, with just over 100 borrowers benefitting from the scheme. Those that have ended their six-month concession have been supported back to capital and interest repayment. Our Help and Support hub remains accessible to borrowers on our website, and our dedicated Payment Support Team are also equipped to help those who need it.

4 Your feedback

We are continually asking for your feedback to help us understand what is important to you and what changes we should consider. This year we ran our regular Institute of Customer Service (ICS) surveys, and commissioned customer experience experts Investors in Customers to issue an online survey specifically in relation to Consumer Duty. We also continue to use Smart Money People for regular temperature checks to inform how we are doing.

The ICS surveys, once again, reflected exceptional standards of customer service. We achieved a fantastic satisfaction score of 90.5 out of 100, which has been consistent since we started the surveys in 2017. Additionally, our Net Promoter Score (NPS) of 71.4 is 40 marks higher than the average for the Banks and Building Society sector. In 2025, we are due a re-assessment of our ServiceMark with Distinction accreditation – we are still the only bank/building society to hold this accolade.

The Consumer Duty survey comprised of 25 questions that covered all aspects of Consumer Duty, including whether customers thought they received fair value and were treated appropriately in relation to vulnerabilities. It was sent to 16,000 of our customers and 11% responded. Of those who answered the questions: 92% said that the Society understood their needs; 98% of customers thought the information provided by the Society is clear and easy to understand; and 97% said the Society is easy to contact when they needed support.

Whilst our surveys show most of our customers are completely happy with the outcomes they receive from the Society, there is always room for improvement. The areas that we continue to evolve are branch environment, online accessibility and ease of processes – refurbishment of Thatcham branch including the OneBanx terminal; the upgrade of our online platform and the introduction of the mobile app have been delivered in response to customer feedback.

Championing the Duty


At Newbury, we don't think of the Duty as just another piece of legislation. We see it as another opportunity to: achieve better customer outcomes; offer more enhanced customer experiences; and support the Society's long-term sustainability.

What is different is that we are even more accountable to our customers through this regulation, and we will be putting more emphasis on monitoring the outcomes customers receive. Our Quality Assurance team, for example, have introduced an internal testing program that looks at customer experiences throughout their time with the Society. Measuring against specific expected outcomes, this more proactive approach will mean we will be able to understand where we can improve at an earlier stage.

To add to our coveted ServiceMark with Distinction accreditation from The ICS, we were awarded two additional accolades in 2024. We were honoured with the Treating Customers Fairly award at the British Bank Awards run by Smart Money People. The award is voted for entirely by customers. We also won a Consumer Duty Leadership in Retail Banking award, which was voted for by a panel of experts and recognises firms that demonstrate exceptional leadership, innovation, and commitment to delivering good outcomes for their customers.

Please continue
to *tell us* what you think

We encourage customers to give us feedback. You can rate and review the Society any time at www.smartmoneypeople.com and can apply for our Member Forum through our website www.newbury.co.uk. And, of course, look out for our ICS surveys in 2025 – and continue to talk to colleagues about your experiences. We are here to listen.



Colleagues from the Society volunteer at StyleAcre, an Oxfordshire charity supporting adults with learning disabilities and autism.

Our communities

Supporting our branch communities remains incredibly important, both to those who live and work in and around our branch towns, and to our people who identify strongly with our mutual approach.

Through our Charity savings account, the Society makes an annual donation of interest to each account holder's preferred charity in addition to the interest paid to the savings member. In 2024 the account generated £55,300 for the charity partners (2023: £77,600). In total, our members and employees raised £79,200 for our ten partner charities: Newbury Soup Kitchen, Helen & Douglas House, St Michael's Hospice, Prior's Court, Newbury Cancer Care, Trinity Winchester, Sue Ryder, Brecknock Hospice, Dementia Friendly Alton, and Swings & Smiles through fundraising, fund-matching, and the aforementioned charity account.

Our Community Support Scheme, which provides donations to community projects, supported 38 (2023: 41) different organisations, donating a total of £12,550 (2023: £17,200). Groups which benefitted from the scheme included:

£500 to the Wokingham and District Association for the Elderly (WADE) to pay for art sessions for the residents to improve memory, cognitive function, and self-esteem.

£500 to Style Acre in Didcot to purchase gardening materials and tools for their gardening club, which provides a safe, calm space for adults with learning disabilities to take part in activities in nature.



£500 to Young People and Children First in Thatcham for fun activities for young people aged 16-25 who are soon to be homeless or leaving foster care, support.

£1,000 to Tower House Horses CIO in Winchester, to support the 'Horses Change Minds' programme, which provides equine-assisted wellbeing sessions to local people coping with stress, anxiety, and depression.

Our people undertook a range of fundraising activities during the year:

- Hungerford, Thatcham, Andover, and Abingdon branches held cake sales to raise money for their respective charity partners.
- Basingstoke branch completed a 10k Moonlight Walk, raising over £500 for St Michael's Hospice.
- Alton branch organised a quiz night in aid of Dementia Friendly Alton, raising over £900.
- Head Office employees took part in a sponsored sleepout for Newbury Soup Kitchen, raising a total of £7,350.
- A coffee morning at Head Office raised over £250 for Macmillan Cancer Care.
- Ana Clarke from Winchester branch undertook a skydive, raising over £900 for Trinity Winchester.

Financial education

We continue to provide support to primary and secondary school pupils in our branch towns. We did this through our Junior Newbury Building Society scheme and funding secondary school sessions with WizeUp in Newbury, Hungerford and Andover.

Society employees also attended a number of additional events at local schools, including:

- Mock interviews at Trinity School, Newbury
- Speedy Careers Day at The Downs School, near Newbury
- Careers Day at Didcot Girls School

Volunteering

Colleagues across the organisation volunteered at a range of local charities and community groups, including:

- Five a Day Market Garden
- The National Animal Welfare Trust
- Litter picking with Newbury Business Improvement District (BID) and Alton Climate Action Network
- Andover Trees
- Trinity Winchester
- The Argyles Care Home

Head Office teams also donated and wrapped Christmas presents for vulnerable families in partnership with HomeStart West Berkshire, whilst Basingstoke and Wokingham branches ran their popular 'GivingTree' appeals to provide Christmas presents to children in challenging circumstances.



Sponsorships and events

We sponsored a number of community, sporting, or cultural events in and around our branch towns, with donations totalling £13,000. These sponsorships enable the Society to reach a wider audience, build links within our communities, and support the longevity of local events and clubs that enrich the lives of people in our branch towns.

These included:

- Thatcham Family Fun Day
- Burghfest
- Didcot Bubble Rush Run
- Newbury Show
- Abingdon Air Show
- Newbury Rugby Club
- The Lights, Andover
- Hungerford's D-Day Convoy



Our people

Our people tell us they feel genuine connection to our purpose, and we proudly see that passion drive them to achieve great customer outcomes and what is needed to deliver a sustainable future for the Society.

Engaged with our purpose

We saw a testimony to our peoples' commitment and willingness to contribute to the Society's success in our biennial employee survey conducted in May. Our survey asked questions to encourage deeper insights about our ways of working. Our results were very positive and demonstrate that, against a backdrop of change and growth, we retain the things that make the Society a great place to work, and most importantly, our long-held customer values and inspiring mutual culture are felt strongly.

90% are inspired by our vision to be the trusted provider of savings and mortgages in our community.

97% say their "team are committed to delivering a high quality service to both internal and external customers".

96% understand how their job contributes to the success of the organisation.



Inspired and empowered leaders

We view developing our leaders as vital to the Society's success as we navigate through an external landscape of changing employee and customer expectations.

Since the launch of our leadership development programme, Leading for Our Future, 75% of our leaders have attended the programme and shown commitment and curiosity to develop the mindsets, skills and behaviours needed to continue to engage and motivate their teams.

Great leadership sets the tone for sustainable growth; and therefore stays prominent in our People Plan for next year and beyond.

Sustained commitment to wellbeing

Wellbeing remains an important part of our employment proposition. We know it matters to existing and prospective employees, making it imperative to find and retain talented individuals. Moreover, we fundamentally believe employee support and care reflect our customer promises of warmth and friendliness, our values of respect, trust and creating a vibrant culture.

This year, we further developed our employee offering with the launch of new, bite-sized learning events focused on happiness, and an employee-led menopause network focused on awareness and education. These new events sit well alongside our existing suite of wellbeing support: our Employee Assistance Programme, Cash Health Plan, Virtual GP Service, Wellbeing Guides, and our 10 Mental Health First Aiders.

We know that financial health also remains a concern for many. Our annual pay review ensured people remain rewarded in line with market rates, recognising and continuing to award pay increases above the National Minimum Wage. We conducted a review of our benefits, resulting in changes to our offering. Our new approach provides a transparent way for everyone to see how benefits are assigned to different job roles.

Keeping customers at the heart of *how we operate*

Continuously refining our operating practices remains incredibly important as we evolve our organisation. Our people play a pivotal role to improve how we work, within teams and across the Society as a whole.

We place particular focus on our branch network and understanding experiences of those providing front-line services to our members. This year, we dedicated additional leadership focus directly to branches, listening to their stories and seeing our Society through their eyes. These engagements allow us to more deeply connect with day-to-day branch experiences and unlock meaningful improvements.

Across the Society, we empower our employees to review and action changes to processes that help improve our service and make our roles more purposeful. Our people are supported in this work through dedicated Customer improvement experts and Continuous improvement champions.

We move into 2025 with commitment and energy to encourage further employee involvement, feedback and ideas; with the belief that their insights and collaboration will help us achieve our sustainable growth.

Delivering purposeful *learning and growth*

Inspiring a culture of continuous personal growth and learning is equally important. We are encouraging and supporting people to keep skills up-to-date via the launch of a new, content-rich online learning platform, Newbury Learning Hub. This easily accessible resource allows everyone to complete relevant, interesting learning suited to their role and personal aspirations. This provision is a core enabler to developing future skillsets, as well as providing people with inspiration and interesting options that help them experience a sense of personal progression.

Inclusion in our Society

We believe inclusive behaviours and practices are core to achieving our purpose in local communities and beyond, ensuring we meet the diverse needs of our members and remain an attractive, relevant destination for local talent.

Our people continue to find our environment welcoming; a place they feel like they belong and are inspired to deliver great customer outcomes. We are proud of this underlying culture that supports people to feel confident and able to achieve:



We know that ongoing focus is needed to foster a diverse, inclusive place to work that sustainably values and nurtures differences.

We show our ongoing commitment through a combination of engaging communications and adjustments to people practices. Some of our most visible, targeted work this year has included:

- Internal and external awareness raising via events like Pride, International Women's Day and International Men's Day;
- Employee stories shared on social media, highlighting how a range of different employees enjoy working life at Newbury; and
- Specific questions added to mid-probation reviews and exit interviews to keep insight on employee perspectives.

Inclusion & Diversity conversations remain firmly on the agenda of our Board and Executive team and we have agreed strategic priorities for the years ahead.

A positive uplift in employee willingness to disclose personal data reflects our progress. We now hold data for 76% of our workforce (an increase of over 30% over 2 years). This in turn allows us to better understand differences and ways to support the diverse needs of our employees.

Community involvement

Our heritage of strong participation in local communities continues. Our employees are inspired by living our purpose. Their unwavering, positive energy to contribute is felt throughout the Society.

- 93% of our people say they feel proud of the Society's contribution and focus on local charities and community causes.
- 82 people from across the Society have used their volunteering hours in the last year, with over 650 hours spent volunteering on a wide range of activities, from supporting local education establishments with careers and employability guidance, environmental projects and supporting our community partners to raise money.



Melanie

Ella

- Our sponsored Sleep Out event this October, to raise awareness and funds for Newbury Soup Kitchen, is a great example of the mutual benefits that come from living our purpose for the good of those less fortunate. We not only raised over £7,000 for this important local charity, but also generated camaraderie and new connections amongst our people.

It is inspiring to see our people continuing to take so much pride in living our mutual values. It is a special, heartfelt and distinctive part of our employee experience.

Words from colleagues

Comments from our May employee survey exemplify the genuine, caring experience we create together.

"A friendly, collaborative place to work, with people that genuinely care about customers and colleagues. Excellence in customer service and the work we do in our communities makes me proud to work at NBS"

"I feel very proud to work for the society and with my colleagues, to provide the help we give to our customers and communities"

The Board of *Directors*

Phillippa Cardno Chief Executive

Phillippa joined the Society in 1996. She joined the Executive team in 2007 and was appointed to the Board of Directors in February 2015. Phillippa was appointed Chief Executive in March 2022 and is responsible for the Society's strategic development and providing leadership and direction throughout the Society and for setting and maintaining culture and standards. Phillippa has many years of credit risk and housing sector experience, and also contributes to financial services nationally as Chair of the UK Finance Mortgage Product and Service Board, and as Chair of the BSA's Green Taskforce.

Darren Garner Chief Financial Officer

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, 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 also holds executive responsibility for the Facilities department and IT and Business Change.

Piers Williamson Non-Executive Director

Piers was appointed to the Board of Directors in January 2018 and appointed Chairman of the Board on 23 February 2022. He has more than 35 years' financial markets experience specialising in treasury risk management and in 2024 retired as Chief Executive of The Housing Finance Corporation, a mutual company that lends funds to Housing Associations. In 2024 Piers took up the position of the Chair of Sustainability for Housing. Piers is also Chair of the Nomination Committee, a member of the Remuneration Committee and Risk Committee and attends and advises the Executive-led Credit Committee.



Debbie Beaven
Non-Executive Director

Debbie was appointed to the Board of Directors in February 2022. She is a Fellow of the Institute of Chartered Management Accountants with an extensive career in financial leadership roles. Debbie is an experienced board director, with her last executive role being Chief Financial Officer at Simplyhealth, a regulated financial services business providing health plans and services to the UK. Debbie is currently Chair of Audit and Risk for Boundless (CSMA Ltd), another mutual and Chair of Finance and Performance for Salisbury NHS Foundation Trust. Debbie is Chair of the Society's Audit Committee and attends and advises the Executive-led Assets & Liabilities 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 & Ireland. She has almost 20 years' experience in leading all aspects of technology and digital in commercial organisations, of which over half have been spent in financial services. Chris is the Senior Independent Director, Chair of the Remuneration Committee and a member of the Audit and Nomination Committees and the Digital Advisory Panel.



Nailesh Rambhai
Non-Executive Director

Nailesh was appointed to the Board of Directors in September 2022. He graduated with a law degree from the University of Oxford in 1995, and has since practiced law at Linklaters LLP and McDermott, Will and Emery LLP before working in executive roles at Coventry Building Society and Petronas. Nailesh is currently a non-executive director at several organisations, including the Pension Protection Fund and University College London NHS Foundation Trust. Nailesh is Chair of the Risk Committee and a member of the Audit Committee.



Alistair Welham
Non-Executive Director

Alistair was appointed to the Board of Directors in February 2020. 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, Remuneration and Nomination Committees and is the Board's Consumer Duty Champion.



Summary financial statement



Darren Garner
Chief Financial Officer

The financial performance for the year ended 31 October 2024 represents another balanced set of results with mortgage balance growth of over 9% taking Society assets to £1.65 billion and profitability of £8.0 million after tax increasing the Society's capital. As the bank rate starts to fall the Society remains in a strong financial position to continue growing whilst investing for the future and supporting members.

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 2025 or can be downloaded from www.newbury.co.uk from 3 January 2025.

As a mutual the Society has no shareholders and does not seek to maximise profits. All profits are retained in the business to underpin the provision of fair, competitive and sustainable rates of interest to members – both current and prospective, and continued investment in infrastructure to provide outstanding service and support to members under all economic conditions.

		2024	2023
Balance sheet	Assets	£1.65bn	£1.55bn
	Loans to customers	£1.36bn	£1.23bn
	Retail shares and deposits	£1.45bn	£1.32bn
Operating performance	Management expenses as a % of mean total assets	1.01%	0.98%
	Interest margin as a % of mean total assets	1.76%	1.83%
	Mortgage arrears – on accounts two months or more in arrears	£0.32m	£0.30m
	Profit after tax	£8.0m	£7.3m
Financial strength	Regulatory capital	£117.3m	£110.1m
	Total capital ratio	20.0%	20.8%
	Liquid assets as a % of shares and borrowings	17.7%	19.9%
Members	Members – numbers	78,439	76,310
	Complaints – as a % of members	0.12%	0.11%

The increase in profits arises as higher net interest income, coupled with a £1.8m lower charge for loan impairment, more than offset a £1.3m net increase in costs and other charges. As a percentage of mean total assets profit after tax increased from 0.49% in 2023 to 0.50% in 2024,

following growth of 6.6% in total assets.

Net interest income increased to £28.2m (2023: £27.4m) as the impact of previous increases in bank rate continued to positively impact the Society's returns on assets, including the full year impact of increases

in the Society's standard variable rate (SVR) announced in the previous financial year. Whilst this resulted in interest earned from borrowing members increasing by £14.0m, the interest paid to borrowing members increased by £15.0m as the Society continued to strike an appropriate balance between rewarding all members with fair and sustainable rates whilst protecting the Society's competitive positioning.

Coupled with net interest income from the Society's derivative contracts, the Society's interest margin decreased by 0.07% to 1.76%.

In August 2024 the Bank of England announced a 0.25% reduction in bank rate to 5.00%. The Society responded with a 0.25% reduction to the Society's SVR (to 6.75%) and a 0.25% reduction to all variable rate savings products, with the reduction to savings rates applied later. It is expected that bank rate will fall further in the near term, which in turn will lead to a reduction in the income earned on the Society's liquid assets and net interest receipts from derivative contracts. Despite the expected reduction in interest income, as bank rate falls the Board will continue to take the same balanced view of interest rate decisions in the best interest of the Society and its borrowing and depositing members as it did as bank rate increased.

The Board anticipates a steeper reduction in margin next year through a continuation of pressure on mortgage pricing and competition for retail deposits, together with lower income from the Society's liquid assets and derivative contracts and its future plans take this into account.

The Society's results for the year were also, once again impacted by fair value charges on derivatives with a charge of £2,099k (2023: £1,944k). This loss comprises an additional year's amortisation of previously reported (net) fair value gains, together with fair value losses in respect of derivative contracts entered into in the current financial year to hedge fixed rate mortgage offers.

The pace and scale of growth requires investment in the Society's people, processes and

infrastructure and resulted in administrative expenses increasing by almost £1.8m (12.7%).

People costs, which represent over half the Society's total costs, increased by £0.9m or 10.6%, reflecting 7.7% growth in average headcount (2023: 9.6%) and pay awards made during the year. Of the remaining £0.9m increase in costs this can be mostly attributed to growth in the costs incurred to run and develop the Society's information technology systems to ensure it can continue to provide best practice security measures in an environment where the threat of cyber attacks are ever-present. There was no material change in depreciation and amortisation charges and no impairment charges made in respect of the Society's freehold properties (2023: £260k charge).

And despite advancing £266m of mortgages (2023: £275m) and growing mortgage balances by £117m (2023: £129m) the total amount set aside for loan impairment decreased by over £1.8m due to a less pessimistic view of how property values could be expected to move across a loss emergence period being used to determine impairment levels, reducing from an expected decline of 10.7% to no change. It is also assumed that there will be no significant change in the number of loans being identified as impaired as the personal finances of households are increasingly supported by an easing of inflationary pressures and as bank rate starts to fall and feed through into mortgage costs.

Mortgage arrears

The value of arrears for cases more than two months in arrears increased from £0.30m to £0.32m with the number of borrowers in this category increasing from 41 to 50 accounts. Including possession cases there were 15 cases in serious arrears of twelve months or more at our year-end (2023: 14 cases). The total amount of arrears outstanding on these accounts was £219k (2023: £216k) and the aggregate balances were £1,747k (2023: £1,551k).

At 31 October 2024 there were 51 accounts (2023: 66) where customers were benefitting from a forbearance action such as temporary interest only concessions, payment plans or reduced

payment concessions. This includes 23 cases of forbearance entered into as part of the Society's commitment to the Mortgage Charter, announced by HM Government in July 2023 (2023: 48 cases). Forbearance cases represent total outstanding capital balances of £3.0m (2023: £9.4m). At 31 October 2024 the Society had four properties in possession (2023: five).

Although increasing, the Society's arrears and possession statistics continue to remain low both for the building society sector and for the industry as a whole. The increase in reported arrears at 31 October 2024 was expected, impacted by the macro-economic environment that has persisted across the two most recent financial years. Although low unemployment continued to support the servicing of mortgages, despite interest rate rises increasing monthly repayments for many borrowers, the full extent of rate increases seen across 2023 and 2024 has not yet materialised. With many customers on fixed rate products entered into in a period of lower interest rates, it is recognised that a further squeeze on household incomes is likely which may not be reflected in arrears and possession statistics at 31 October 2024. The Society may therefore expect to see further increases in arrears in the near term.

As a responsible lender, and as demonstrated through the Covid-19 pandemic and the Society's commitment to the Mortgage Charter, the Society remains ready to assist and support members experiencing difficulty servicing their mortgage.

The Society's book remains very high quality with an average indexed loan to value of 30% (2023: 29%) with 1.0% (2023: 0.7%) of the balances in the book more than 80% of the current indexed value of the properties on which their mortgages are secured.

Funding and liquidity

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 2024 retail savings and deposit balances increased by £130.9m (2023: £149.1m) taking the

Society's total shares and deposits balances to £1,452.7m (2023: £1,321.8m), with the Society's ISAs, Senior Saver and Existing Member Account products once again accounting for the majority of the balance growth. A range of fixed rate bonds launched in the year also attracted over £60m of balances.

Total liquid assets decreased to £268.9m (2023: £280.5m) including £248m held in the form of deposits placed at the Bank of England (2023: £259m). The reduction in amounts held with the Bank of England was in part due to the Society diversifying its liquid assets into other types of assets that qualify for inclusion in regulatory measures of liquidity.

As a percentage of shares and deposits liquid assets decreased to 17.7% (2023: 19.9%). The decrease in liquidity arose as growth in retail savings balances was not sufficient to fund mortgage balance growth of £117.1m (9.4%) and the repayment of an additional £36m of TFSME balances and £5m of other central bank funding. To 31 October 2024 the Society has repaid £106m (to 31 October 2023: £70m) and expects to repay the remaining £49m ahead of final contractual maturity in October 2025.

The Society also has access to funding from other financial institutions and local authorities with typical repayment profiles of up to one year. At 31 October 2024 the Society had sourced £17.5m of such funding (2023: £nil).

Capital

Financial strength protects the Society against its principal risks and uncertainties and safeguards members' 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 2024 have contributed to an improvement in capital and supported balance sheet growth of 6.6%. After regulatory deductions, the Society's regulatory capital stood at £117.3m at 31 October 2024 (2023: £110.1m). The gross capital ratio was 7.64% (2023: 7.65%).

Summary financial statement

	2024 £000	2023 £000
Society results for the year		
Net interest receivable	28,153	27,374
Other income and charges	(206)	(145)
Net loss from derivatives	(2,099)	(1,944)
Administrative expenses	(16,203)	(14,863)
Impairment of loans and advances to customers	989	(858)
Profit for the financial year before taxation	10,634	9,564
Taxation	(2,608)	(2,273)
Profit for the year	8,026	7,291
Financial position at the end of year		
Assets		
Liquid assets	268,857	280,474
Derivative financial instruments	11,228	21,328
Loans and advances to customers	1,357,562	1,230,835
Fixed and other assets	11,424	13,909
	1,649,071	1,546,546
Liabilities		
Shares	1,423,116	1,289,644
Borrowings	96,967	122,575
Derivative financial instruments	1,563	1,103
Other liabilities	11,294	25,213
Reserves	116,131	108,011
Total reserves and liabilities	1,649,071	1,546,546
Key financial ratios		
	%	%
Gross capital as a percentage of shares and borrowings (note 1)	7.64	7.65
Liquid assets as a percentage of shares and borrowings (note 2)	17.7	19.9
Profit for the year as a percentage of mean total assets (note 3)	0.50	0.49
Management expenses as a percentage of mean total assets (note 4)	1.01	0.98

Piers Williamson
Chairman

Phillippa Cardno
Chief Executive

Darren Garner
Chief Financial Officer

18 December 2024

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 & 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 ("the Society") for the year ended 31 October 2024 which comprises Summary Income Statement and Statement of Financial Position at the end of the year and key financial ratios together with the Summary Other Information.

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 2024 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

18 December 2024

Directors' Remuneration *report*



Chris Brown

Chair of the Remuneration Committee



The Remuneration Committee will continue to ensure appropriate governance of all Directors and Material Risk Takers reward decisions, providing both challenge and support to help the Society maintain a competitive reward offering that is designed to help retain and motivate their employees, whilst ensuring that reward outcomes are transparent and equitable.

This report explains how the Society applies the principles of the UK Corporate Governance Code (the Code which was updated in 2024) 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 2024, all of the Non-Executive Directors and Executive Directors, as well as the other members of the Executive management team and the Head of Compliance, were classified as Material Risk Takers (MRTs) and subject to the Remuneration Code.

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 provided on pages 32 and 33. 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 schemes

The Society operates two simple and transparent performance related pay schemes for the Executive management team, 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 2% of salary based on personal contribution.
2. A two-year medium term incentive plan based on successful delivery of our corporate plan objectives. This pays a maximum of 20% of salary after two years.

There is no acknowledgement of personal performance in this scheme, instead it makes a requirement of the Executives to come together to deliver the strategic plan as a team.

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 15.25% of salary (before salary sacrifice where applicable) to Executive Directors' private pension arrangements.

Executive Directors receive other benefits comprising private healthcare, cash health plan, death in service and income protection insurance. The Society does not provide concessionary home loans to Directors.

Executive Directors' contractual terms

Phillippa Cardno and Darren Garner 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 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 and national publications from Non-Executive Director recruiters. The salaries of the Non-Executive

Directors were reviewed in 2024 after a benchmarking exercise.

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 the executive management team, who are considered Material Risk Takers or undertake Senior Manager Functions, in consultation with the Chief Executive. These are, Director of Proposition and Distribution, the Director of Data and Governance and Company Secretary, the Chief Risk Officer, the Director of Customer Service and the Director of People. 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 the Executive team is overseen by the Remuneration Committee, which consists of three 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, and Director 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 and updates the Society's Remuneration Policy, principles and the PRA policy statement annually taking note of the policy and communications that applies to all employees to check alignment with wider company pay policy. The Committee 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 an objective market comparison of peer organisations. The fees are approved by the Board, following recommendation by the Remuneration Committee.

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 2024 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.

Chris Brown, Chair of the Remuneration Committee

18 December 2024

Directors' remuneration and transactions

The emoluments for both Executive and Non-Executive Directors totalled £824,000 for the year (2023: £814,000).

Executive Directors' emoluments

	Performance related pay					
	Salary £000	Short term £000	Medium term ² £000	Taxable benefits £000	Pension contribution ¹ £000	TOTAL £000
2024						
Phillippa Cardno	225	25	45	4	48	347
Darren Garner	179	19	36	3	38	275
TOTAL	404	44	81	7	86	622

2023						
Phillippa Cardno	203	22	-	4	43	272
Darren Garner	171	19	-	2	36	228
Lee Bambridge (resigned 31/05/23)	97	-	-	5	-	102
TOTAL	471	41	-	11	79	602

Notes

- 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. Lee Bambridge, with agreement from the Society, took his pension contributions as salary.
- Amounts payable under the MTIP for performance across the two financial periods ended 31 October 2024. See Directors' remuneration report on pages 29 to 31 for further details.

Non-Executive Directors' emoluments (comprising fees only)	2024 £000	2023 £000
Piers Williamson (Chairman)	52	49
Debbie Beaven	35	31
Chris Brown	35	31
Nailesh Rambhai	36	34
William Roberts (retired 20/02/24)	12	36
Alistair Welham	32	31
TOTAL	202	212

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 (2023: £nil) representing loans to no persons (2023: no persons). The terms and conditions are in line with standard mortgage ending 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.



Notice of the 168th Annual General Meeting



When: 11:00am on
Thursday 20 February 2025



Where: Owners Club, Newbury
Racecourse, Racecourse Rd, Newbury
RG14 7NZ

Members need to pre-register their attendance at the AGM by visiting www.newbury.co.uk/aboutus/corporate-governance or by contacting their local branch.

The deadline for registration is **3pm on Tuesday 18 February 2025.**

How can I **vote?**



Online – vote via our secure portal using the security codes in your pack at cesvotes.com/newbury2025.



In person – voting members who have registered to attend our AGM may also vote on the day.



In branch – visit any one of our branches to cast your vote.



By post – complete the form in your member pack and return it to our scrutineers (Civica Election Services) in the pre-paid envelope.



We would love to see you, our members, at this year's AGM where we will be updating you on our previous year's performance and providing updates on what we are working on over the next year.

The meeting will commence at 11:00am on Thursday 20 February 2025 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 2024.
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 Deborah Jane Beaven, Christine Margaret Brown, Phillippa Cardno, Darren Lee Garner, Nailesh Kantilal Rambhai, Alistair Richard Norton Welham, and John Piers Williamson 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 31 October 2024 (see f below).



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, mortgage statement, or documentary evidence with their name and address.
- b) A member may appoint one proxy to attend and vote on their behalf. A member may appoint the Chair 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 Chair, 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 20 February 2025; have held at least £100 in any Society share account on 31 October 2024; 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 20 February 2025; have held a mortgage with the Society to the value of at least £100 on 31 October 2024; 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 2024 set out on pages 29 to 31 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 18 February 2025.

By Order of the Board
Erika Neves – Society Secretary
20 January 2025

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 re-election are included on pages 22 and 23 of this booklet.

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