

# Summary Financial Statement 2023

**Building your future**

# 2023 highlights

# Welcome

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The above measures, apart from statutory profit before tax, are Alternative Performance Measures (APMs). Further information on these APMs can be found in the Annual Report and Accounts, with definitions included within the glossary.

# Chair's Review of the Year

## Welcome to our 2023 Summary Financial Statement.

Our role as a mutual building society is, and always will be, focused on supporting you, our Members. We are proud to be able to meet your needs today, helping you to build resilience for life's uncertainties, as well as continuing to support your best interests and invest in your future, over the longer term. So, even in the face of significant macroeconomic challenges, with our balanced approach and robust strategy, I am very happy to say that the past year has been one of significant achievement and progress.

Through mortgage and savings products and our commercial lending, we're able to focus on delivering Better Homes, Secure Futures, and Fairer Society outcomes, helping people to build their financial resilience and supporting the development of affordable and sustainable housing so that more people have a place to call home.

Our strong business performance this year means we've been able to allocate more funding to social impact initiatives and deepen our commitment. This is an area of work close to all our hearts. As one of the leading businesses in Wales, with our roots in communities across the country, we believe we have a responsibility to contribute towards meaningful and sustainable change in the places where we live and work. To measure our success, we are starting to map our community



*Pictured: Sally Jones-Evans, Chair*

engagement initiatives to the Wales Wellbeing of Future Generations Goals, thinking about the impact of the long-term decisions we make.

We see constant reminders that communities and economies are stronger when opportunities are accessible to all, and through our Future Generations Fund our purpose-led activity has also been instrumental in extending the reach and impact of our community engagement work. In December, our funding reached £1million, thus actively supporting more young people to develop the knowledge, skills, experience, and resilience they need to build a better future. Our ongoing involvement with the groups we have chosen to support has fostered a greater sense of collective responsibility with colleagues across the business, who continue to play a key role in engaging with our communities.

I am also delighted that we have extended our charity partnerships with Tŷ Hafan and Tŷ Gobaith for a further year and am extremely proud of the legacy on society we have started to build with them.

### Executive Committee and Board

It has been a year of great change and transition at the Society. This year we said goodbye to Mike Jones, our Chief Risk Officer (CRO). Much loved and well-respected, Mike took with him our most sincere thanks for his outstanding contribution to the business, both personally and professionally, over the past 25 years. We were delighted to welcome Mike's successor, Rajeev Marwaha, to the role of CRO in June. Highly experienced, Rajeev has almost 20 years of risk management experience in secured and unsecured lending for large banks, building societies, and start-ups including Santander, Nationwide, and Saffron Building Society.

Following an extensive search and selection process for a Chief Operating Officer (COO), a position created with Iain Mansfield's move to become Chief Financial Officer (CFO) in 2022, Rob Regan, who had been acting in an interim capacity, was appointed to the role on a permanent basis in November. Amongst other projects, Rob is leading on embedding Operational Excellence principles to enhance our ways of working, improve performance, and support our cultural and technological transformation journey.

We said farewell to our Non-Executive Director (NED) Derek Howell, who left the Board after serving for nine years. Derek was the Senior Independent Director, and Chair of the Audit Committee, as well as being a member of the Board Risk and Governance and Nominations Committees. I would like to thank Derek for all his hard work as a valued member of the Board at Principality and wish him all the best for his future endeavours.

Ian Greenstreet has also stepped down from the Board for personal reasons after a short tenure as a NED and Chair of the Audit Committee. We are grateful to Ian for all that he brought to us in 2023 and wish him well. Our longest-serving NED, Claire Hafner, herself a qualified accountant and former CFO, will be stepping up to become Chair of the Audit Committee having served on it as a member for many years. She, in turn, will be succeeded as Chair of the Remuneration Committee by Debra Williams. Both appointments are subject to regulatory approval.

I know you will also join me in welcoming Shimi Shah to our Board as a new Non-Executive Director. Shimi has outstanding experience in venture capital and private equity, managing and investing assets over \$1bn in the UK, US, and the Middle East, and has chaired and served on a large number of boards in diverse industry sectors, including the Royal Mint.

I would also like to share with you that having served the maximum 9-year tenure on the Board, I will be stepping down as Chair in Q2 2024. I have been in the role since April 2021, and a Board member since February 2015, and am extremely proud and privileged to have had the opportunity to serve you, our Members, and also our colleagues and communities. I am delighted to inform you that Simon Moore will be joining Principality as a Non-Executive Director and Chair-Elect, taking the Chair position following my departure, subject to regulatory approval following the AGM.

Simon is highly experienced and respected in the financial services industry. Following a career in the military, he has held roles in Lloyds Banking Group, Chase Manhattan, ABN Amro, and Barclays Bank. Simon has served as Managing Director for Barclays Commercial Wales and the South West. Simon has served as Chair of another leading mutual, LV=, the UK life insurance company, as well as serving on several other boards. I wish him every success as he begins his stewardship of our great organisation.

### Future focus

These movements are a reminder that nothing stands still or stays the same. As we've seen this year, we must continue to evolve in an ever-changing and challenging world and continue to invest in the future. It seems that leading through uncertainty is fast becoming the new normal, but our dedicated Executive leadership team, ably led by Julie-Ann Haines, our Chief Executive Officer, and supported by our team of talented and passionate colleagues, successfully steered the business through 2023 and are preparing with ambition for what the coming year will bring.

They have my thanks, as do you, our Members, for your continued trust and support. This trust is the cornerstone of our mutual society, and we all remain committed to nurturing and strengthening this bond as we move forward together.



Sally Jones-Evans  
Chair  
19 February 2024



# Chief Executive's Review of the Year

### Dear Members,

Despite a year marked by significant challenges, including political upheavals in the UK and across the world, persistent inflationary pressures, and a global cost of living crisis, we have consistently delivered against our strategy. In 2023 we have achieved record mortgage and savings growth, with an improvement in underlying profit levels with Net Interest Margin (NIM) rising to 1.52% (2022: 1.39%).

We have set 2030 ambition statements to ensure that colleagues have clarity on what we want to achieve, the impact we wish to have, and how we must respond over the next few years so that we deliver on Members' needs and expectations and futureproof the Society. The strategy of the organisation is clear, and it has been pleasing to see how this has borne fruit over the past 18 months.

The benefits of investing in technology over the past five years, combined with significant investment in a multi-year Operational Excellence programme, are evident in the progress we have made this year. We've streamlined our mortgage processes, created additional capacity to deliver a better customer and broker experience, and have been able to process much higher mortgage volumes, underpinning our positive growth ambitions. We've been laser-focused on improving the mortgage journey to make it easier for customers to do business with us and, as of December 2023, we celebrated the fact that we had grown our mortgage book by £1.1bn, the largest in our history.



*Pictured: Julie-Ann Haines, Chief Executive Officer*

Focusing on what matters to the customer, and how we measure our performance against that is absolutely the culture we want to drive through our investment programme, so I am also delighted that we've achieved an end-of-year Net Promoter Score of 83.9 points (2022: 81.6). Our commitment to continuing to improve our levels of customer service has been reflected in being voted Best Building Society for Customer Service by 'What Mortgage' for the sixth consecutive year, an award we accepted with great pride. We were also awarded 4\* for our mortgage journey from 'Financial Times Advisor'.

### Better Homes

Over the year we have seen how the economy can impact personal finances, often limiting the hopes and aspirations of those of you saving for the future, entering the housing market, or facing financial uncertainty. Our colleagues have been working hard to find ways to better support you and our results reflect that hard work. Even in the toughest economic conditions,

with core inflation remaining high, six consecutive base rate rises in response to this, and fierce market competition, we've delivered on our 'Better Homes' ambitions, exceeding both our total number of homes owned target of 80,883 (2022: 75,425) and helping more than 8,130 first time buyers into a new home (2022: 4,580).

High inflation has put pressure on struggling households and we were delighted to sign up to the government's Mortgage Charter to reassure customers that we're here to help if they are worried about how to pay their mortgage. However, we have seen no material increase in the number of customers needing assistance in paying their mortgages over the past 12 months.

Our support for those aspiring to live in their own homes was strengthened by a long-term commitment from our Commercial team to support the Welsh housing association Pobl Group, whose ambition is to create 10,000 much-needed, affordable homes across Wales by 2030, using sustainable technologies. Offering a range of both buying and renting options, this housing will give more people the opportunity to find a place to call home and a community in which to thrive. We know our business can grow through long-term investment in sustainable developments like this with like-minded organisations and we were delighted that our Commercial team was named 'Funder of the Year' at the Insider Property Awards.

### Secure Futures

Building resilience for life's uncertainties has never been more important. Mortgage customers have had to face into significantly higher mortgage rates over the past two years but after ten years of low returns, it was good news for savers as we increased the overall rates we paid to them by 1.74% across the year, increasing from 2.12% to 3.86%. Our aim is to continue to reward savers, with our average savings rates being well above the market average (2.94% versus 2.31% on the high street<sup>1</sup>) and we have consistently been one of the market leaders.

Our savings balances are up £970m from £8,114m to £9,084m, providing returns for our Members and funding our mortgage growth, which is 90% funded by savers' deposits.

Helping you to make sure your money is in the best place to meet your long-term financial wellbeing, is our founding purpose, and at the heart of being a mutual. We're working hard to ensure we continue to offer fair value to our savings customers. We've also shortened the time it takes to pass on the benefit of those rate rises, from 30 days to 15, and our focus is on remaining competitive and ensuring we can offer strong products to savers in the future.

### Fairer Society

Working at the heart of the community, we make the biggest difference when we embrace, engage with, and listen to the people we serve. Whilst the exodus of banks and other building societies from our towns and cities is a worrying trend, we continue to have a reassuring presence on the high street. We have committed to maintaining our branch footprint, giving our Members access to the largest branch network of any bank or building society across Wales and the Welsh borders, with 53 branches and 15 agencies. We continue to look at ways to innovate in this space and are delighted with the trial of OneBanx in Cowbridge, where customers of 23 other banks can access and pay cash into their personal and business bank accounts from within our branches. Our outstanding personal customer service delivered by passionate branch colleagues, rooted in their communities, remains a vital part of our strategy going forward.

<sup>1</sup> CACI's CSDB, Stock, Weighted Average Interest Rate for December 2022 - November 2023

### Investing in our people to deliver an inclusive culture

Wherever colleagues work within the business, they are fully invested in helping us drive purposeful growth. We are developing a culture that's as ambitious as our strategy, harnessing the collective power of an increasingly diverse team in which everyone focuses their unique perspectives and skills on delivering exceptional value to our Members. We're very proud that our commitment to diversity and inclusion has been acknowledged, being named Financial Services Company of the Year 2023, an award from the National Centre for Diversity, which recognises some of the UK's most inclusive employers. We are proud to be an accredited employer by the Living Wage Foundation and we continue to seek to provide our colleagues with meaningful salary increases to support them in the ongoing cost of living crisis.

### Social impact

This year we launched our new impact strategy, an ambitious vision of supporting more young people to ensure that they have equitable access to skills and personal development so that they can succeed in the workplace, make the most of life's possibilities, and prosper in the place they call home. We were extremely proud to partner with Pride Cymru and to be the headline sponsor of the Cardiff Half Marathon. Both were heartwarming celebrations of Principality's place within the wider Welsh community and are building blocks for us to create a lasting legacy on society.

### Net zero

Although we have a long way to go on our own net-zero journey, it's clear from listening to our Members that acting as a responsible, sustainable business rather than simply being perceived as one, is critically important to them, with the potential to differentiate the Principality brand in the marketplace.

There is a clear sequencing to some of our carbon reduction activity and therefore taking a considered approach is critical. Simply investing more at this stage may not create the results we would want from that investment. A plan has been developed and I'm sure that we will start to build strong momentum in 2024 and beyond, which will see us deliver on our ambition to be net zero in Scopes 1 and 2 by 2030 and in Scope 3 by 2040. We are pleased to announce that we significantly reduced our full carbon footprint by 34% in 2023, a decrease of 2,700 tonnes CO<sub>2</sub>e.

### Business performance

2023 has been a successful year for your building society and demonstrates that our strategy of being more purposeful, focusing on the impact of what we do to help more people, is providing us with strong results. We have seen significant growth in the balance sheet of £1.2bn, with £60.3m profit before tax (£49.3m in 2022), and have a strong and stable business in terms of capital and liquidity with a CET1 of 21.8%.

Our performance means we can continue to invest in improving efficiency and effectiveness, in our colleagues and their development, and in technology to better meet Members' needs and ensure the long-term future of the organisation.

I extend my thanks to all our colleagues for their continued hard work and dedication and for contributing to our continued success. To you, our Members, I am also grateful for your continued loyalty, trust, and belief in our vision and strategy.

I would also like to say farewell to our outgoing Chair, Sally Jones-Evans, who will leave us in Q2 2024. Sally has played an instrumental role in reshaping the strategy of the Society, its success, and the outstanding customer service we continue to provide. We are grateful for everything Sally has done for our Members and colleagues during the nine years that she has been part of our Board of Directors and we wish her all the best for the future.

**Outlook**

The Society is well-placed to withstand the challenges that we will face across 2024. We'll be leaning into political as well as economic headwinds with a national election on the horizon, the cost of living still a significant concern and although the base rate is likely to have hit its peak at 5.25%, rates are expected to remain at elevated levels throughout 2024, well above the low interest rates we've experienced over the past decade. Despite record NIM this year, the current market trend of pricing savings as high, or higher, than prime mortgage rates, coupled with persistently high inflation, will reduce this figure. However, by staying true to our strategy to support both first-time buyers and regular savers in volatile economic conditions, remaining vigilant, and investing in building resilience, we remain a safe and secure business, able to deliver value for our Members, colleagues, and communities.

I am confident that, together, we will continue to navigate the challenges and seize the exciting opportunities that lie ahead, and I hope you enjoy reading more about our activities and achievements in the full Annual Report and Accounts.



Julie-Ann Haines  
**Chief Executive Officer**  
 19 February 2024



# Impact beyond scale

**Our Impact**

Our positive vision for society, the economy, and the environment is embedded in our strategic direction and underpinned by our pledge to share up to 3% profit before tax on social impact activities. We recognise that the seeds of tomorrow's success are sown in developing today's supportive environments, so we invest in individual potential and have supported over 50,000 young people this year through various partnerships and activities. We are also committed to building the collective strength and resilience of the communities we serve.

This year, we brought together subject matter experts from across the business to work as one Impact team, delivering against four key themes: Future Generations, Inclusion by Design, Hyperlocal Communities, and Sustainability by Design, and to focus on helping the business to create impact beyond scale.

**Future Generations**

As of December 2023, the amount of funding we've provided to 97 youth and community groups across Wales over the past two years, passed the £1million mark. Our Future Generations Fund (FGF) is a beacon of hope and support in Wales, providing grants for projects aimed at reaching, empowering and equipping more young people to be able to shape their futures. The fund is influenced by principles aligned to the Wellbeing of Future Generations (Wales) Act, across three strategic outcomes: a prosperous Wales, a more equal Wales, and a Wales of cohesive communities.

By supporting projects to encourage sustainable living and environmental stewardship, we're investing in the long-term health of communities and promoting actions to help address the impacts of climate change.

Colleague visits and interactions with these groups speak to the enduring value of our funding – not just in terms of the financial awards, but also helping colleagues develop an awareness of the problems that need to be solved in their local areas and understand how they can work with these groups to help them grow and reach more young people.

**Financial Education**

Our primary school programmes have included the delivery of in-person and online financial education teaching resources: Dylan's Den Teachers Hub, sponsorship of Young Enterprise Fiver Challenge and Xplore, helping 6,000 pupils with money skills workshops. We continued to engage with the Careers Wales Valued Partner Programme, supporting regional Careers Fairs and working with 12 key partner schools aligned with our business clusters. We also worked with the London Institute of Banking & Finance, enabling a further 2,268 students to gain recognised financial education qualifications in 2023.

We supported the Cardiff Capital Region / Venture Graduates Programme, and continue to play a part in the Wales MAPS/WG Financial Education Forum funding six places on the Future Generations Commissioner Leadership Academy.

We are also a member of FinTech Wales and have a voice on their advisory panel. We support their vision to make Wales the place to start up, scale up, and accelerate innovative FinTech businesses.

With some of our partnerships coming to a natural close, we're keen to explore new collaborations to enable us to deepen our community support. We're still seeing long-term fallout from the pandemic and this, combined with the current cost-of-living crisis, means there's a disproportionate and continuing deep impact on the lives and futures of many young people. So, we're on a mission to ensure they develop broader digital, workplace, and life skills, alongside financial education, to improve access to wider employment opportunities and achieve greater social mobility.

### Charitable partnerships and volunteering

Over the last two years, we've raised over £500,000 for our partner charities, Tŷ Hafan and Hope House Tŷ Gobaith children's hospices, during which time our colleagues have volunteered tirelessly to support events, to friend raise and fundraise whilst our match-funding schemes have doubled contributions, amplifying the reach and impact of our charitable efforts.

### Inclusion by Design

Championing diversity, inclusion, and wellbeing, we became the headline sponsor for both Pride Cymru and the Cardiff Half Marathon, two of the highest-profile events in the Welsh calendar. Pride Cymru is committed to campaigning for equality and acceptance of diversity and to creating opportunities for LGBT+ people around Wales to connect and support each other. The event in June brought together colleagues, friends, and families in a colourful and joyful celebration in the centre of Cardiff.

That celebratory spirit lived on in our sponsorship of the Cardiff Half Marathon, which has grown into one of Europe's largest and most prestigious half marathons and

is Wales' largest mass participation and multi-charity fundraising event. We created a 'Rainbow Roundabout', a unique and safe performance space and cheer zone for LGBTQ+ spectators and allies. A large group of Principality colleagues took part in the race raising money for our charity partners and causes close to their hearts, cheered on by friends and families and a host of Principality volunteers along the way. We're delighted that these sponsorships have strengthened personal as well as business connections to the broader communities we serve and are proud to announce that we are continuing these partnerships in 2024.

As part of the sponsorship, and in association with Run 4 Wales, we also created a 'Healthy Habits' campaign to help people adopt financial, as well as physical and mental, healthy habits to build resilience in today's challenging financial climate. Media interest was generated by hopeful first-time buyers being offered the chance to win a first home deposit, with the lucky winner receiving £24,207 (10% of the current average house price in Wales – HPI June 2023) helping them take those first exciting steps towards owning their own home.

### Showcasing diversity and inclusion achievements

Reinforcing our belief that a diverse workforce is a stronger workforce, we're proud to have achieved two 'Top 50' UK-wide company rankings for diversity and inclusion from Inclusive Companies and the National Centre for Diversity. As well as recognising our business-wide commitment to inclusion, these awards also reflected the success of our colleague-led networks, which are safe spaces where diverse voices and viewpoints are valued and supported.

### Sustainability by Design

From sustainability as a separate strategy, to sustainability as a lens through which we view all our activity, our mission is to become carbon net zero across our operations, whilst also inspiring and supporting our customers,

colleagues and communities to take action. We continue to act decisively to achieve our target of becoming net zero in Scopes 1 and 2 by 2030, and net zero in Scope 3 by 2040. In addition, 90% of new home developments we fund through Commercial are B-rated or better for energy efficiency and we're continuing to find ways to support customers to make energy improvements to their homes.

### Connecting social impact to business performance

Society is changing and we need to change with it. As a mutual, we remain committed to playing our part in addressing local and national challenges, understanding that our continued business success is inextricably linked to the prosperity of the communities we serve. By aligning our social impact goals with business objectives, we've fostered an environment in which colleagues feel connected and motivated, working more purposefully to drive social innovation. A more focused approach and collaborations with new partners will continue to build knowledge and skills, extend reach, and create impact beyond scale to deliver our vision for society.

### We want people in Wales to thrive – living in Better Homes and having Secure Futures as a result of being part of a Fairer Society.



# Summary Financial Statement

## For the year ended

### 31 December 2023

This Summary Financial Statement is a summary of information in the audited Annual Accounts, the Directors' Report, and the Annual Business Statement, all of which will be available to Members and depositors free of charge on demand at every office of Principality Building Society and on the internet at [principality.co.uk](http://principality.co.uk) by 5 April 2024.

#### Summary Directors' Report

The Summary Directors' Report comprises the 2023 highlights, the Chair's Review of the Year, and the Chief Executive's Review of the Year.

Approved by the Board of Directors on 19 February 2024 and signed on its behalf by:

**Sally Jones-Evans**  
Chair



**Julie-Ann Haines**  
Chief Executive Officer



**Iain Mansfield**  
Chief Financial Officer



#### Consolidated income statement

	2023 £m	2022 £m
Net interest income	181.3	153.9
Net fee and commission income	0.8	1.7
Other income and charges	1.5	3.1
Fair value gain	-	5.8
Operating expenses	(116.3)	(98.9)
Fixed asset impairment	(3.3)	(1.3)
Impairment provision (charge)/release	(3.5)	(14.8)
Other provisions	(0.2)	(0.2)
<b>Profit for the year before taxation</b>	<b>60.3</b>	<b>49.3</b>
Taxation	(13.9)	(11.6)
<b>Profit for the year</b>	<b>46.4</b>	<b>37.7</b>

#### Reconciliation of statutory profit to underlying profit

	2023 £m	2022 £m
Statutory profit before tax	60.3	49.3
<b>Adjusted for:</b>		
Gains from derivatives and hedge accounting	-	(5.8)
<b>Underlying profit</b>	<b>60.3</b>	<b>43.5</b>

The purpose of the underlying profit measure is to reflect management's view of the group's underlying performance, presented to aid comparability across reporting periods by adjusting for items which affect statutory measures but are deemed to be either non-recurring or uncontrollable in nature. This aligns to measures used by management to monitor the performance of the business and inform decisions regarding variable remuneration.

#### Consolidated balance sheet

	2023 £m	2022 £m
<b>Assets:</b>		
Liquid assets and balances with other credit institutions	2,021.8	2,004.2
Loans and advances to customers	10,115.6	8,795.0
Fixed and other assets	389.2	458.1
<b>Total assets</b>	<b>12,526.6</b>	<b>11,257.3</b>
<b>Liabilities:</b>		
Shares	9,084.6	8,113.6
Borrowings	2,575.1	2,361.2
Other liabilities	149.3	102.8
Retirement benefit obligations	0.6	0.9
Reserves	717.0	678.8
<b>Total equity and liabilities</b>	<b>12,526.6</b>	<b>11,257.3</b>

## Summary of key financial ratios

As at 31 December:	2023 %	2022 %
<b>Common Equity Tier 1 capital ratio</b> This ratio represents the relationship between the strongest form of capital (primarily accumulated profits that have built up over time) and assets, weighted by the level of risk they carry. Its purpose is to ensure that we are able to absorb unexpected losses.	21.8	26.5
<b>Liquid assets as a percentage of shares and borrowings</b> This ratio measures our ability to meet requests for savings withdrawals, to make new mortgage loans to borrowers and to fund general business activities.	17.3	20.5
<b>Profit for the year as a percentage of total assets</b> This ratio measures the profit made in the year relative to the average amount of assets held.	0.39	0.34
<b>Management expenses as a percentage of mean total assets</b> Management expenses are the cost of running the Society. This ratio measures how efficient we are being, with a lower number indicating greater efficiency.	0.99	0.90
<b>Gross Capital as a percentage of shares and borrowings</b> This ratio measures how much capital we have to protect our Members and other creditors against unforeseen eventualities.	6.2	6.9



# Independent Auditors' Statement to the Members and Depositors of Principality Building Society

We have examined the Summary Financial Statement of Principality Building Society for the year ended 31 December 2023 which comprises the results for the year, the financial position at the end of the year, and summary of key financial ratios together with the Summary Directors' Report.

## Respective responsibilities of Directors and auditors

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 with the full Annual Accounts, the Annual Business Statement, and the Directors' Report and its conformity with the relevant requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

## Basis of opinion

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

## Opinion

In our opinion, the Summary Financial Statement is consistent with the full Annual Accounts, the Annual Business Statement, and the Directors' Report of Principality Building Society for the year ended 31 December 2023 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**

Deloitte LLP  
Statutory Auditor  
Cardiff, United Kingdom  
19 February 2024

# Directors' Remuneration Report and Remuneration Policy

## Annual Statement from the Chair of the Remuneration Committee

We are pleased to share a summary of the Director's Remuneration Report for the year ended 31 December 2023, you can find the full report, which will be available online at [principality.co.uk/about-us/your-principality/financial-reports](http://principality.co.uk/about-us/your-principality/financial-reports) from 5 April 2024.

## Policy on remuneration of Executive Directors

The following table sets out the key elements of remuneration for Executive Directors.

Element	Base Salary
Link to strategy	To attract and retain Executives who have appropriate capabilities, skills, and experience to deliver the purpose and strategy of the organisation.
Operation	The Committee undertakes a review of the Executive Directors' base salaries each financial year, taking into account factors such as individual and business performance, market conditions, and the level of salary increase applied to other colleagues across the Society.
Maximum potential value	To attract and retain Executives who have appropriate capabilities, skills, and experience to deliver the purpose and strategy of the organisation.
Performance conditions and assessment	The Committee undertakes a review of the Executive Directors' base salaries each financial year, taking into account factors such as individual and business performance, market conditions, and the level of salary increase applied to other colleagues across the Society.

Element	Variable pay – Rewarding Excellence Award (REA)
Link to strategy	<p>To support attraction, motivation, engagement, and retention of our colleagues.</p> <p>Performance conditions are chosen to demonstrate a strong commitment to our customers, whilst recognising the importance of meeting our profit targets to keep our business safe.</p> <p>Targets are reviewed and set each year by the Remuneration Committee, taking into account a number of factors which may include the Society's strategy, short term priorities, and the market environment.</p>
Operation	<p>All colleagues at the Society are eligible, including the Chief Risk Officer and Chief Internal Auditor, who have been added as eligible employees from 2023.</p> <p>There are initial gateway requirements for the award which consist of capital and liquidity conditions, financial targets, individual performance and the absence of any material regulatory breaches. Each year a number of key business measures are identified and threshold, target and stretch performance is approved by the Remuneration Committee .</p> <p>The Remuneration Committee can apply malus and clawback to an award made to an Executive, Senior Leader and MRT if it is discovered that the award should not be paid. Malus and clawback are outlined in our variable pay scheme rules.</p> <p>Subject to approval, payment will be made in March following the financial year end. There will be no partial deferral of payment.</p> <p>Colleagues who join the scheme part way through the scheme year will be entitled to receive a pro-rated award based on full months worked</p>
Maximum potential value	<p>Potential payments for Executive Directors:</p> <ul style="list-style-type: none"> <li>• Nil for threshold performance</li> <li>• 6% of salary for achieving target</li> <li>• 12% of salary for attaining highly stretching targets</li> </ul>
Performance conditions and assessment	Each year at mid-year and end-of-year the variable pay scheme measures are assessed by the Remuneration Committee to assess the scheme gateways and performance of the measures in relation to variable pay, and calculate payment .

Element	Variable pay – Leading Excellence Award (LEA)
Link to strategy	<p>Focus on strategic and enterprise-wide measures which look at longer-term performance and leadership of the Society. Drives the shared ownership of objectives.</p> <p>Performance conditions are chosen to focus on strategic and enterprise-wide measures which look at longer-term performance and leadership of the Society.</p> <p>Targets are reviewed and set each year by the Remuneration Committee, taking into account a number of factors which may include the Society's strategy, short term priorities, and the market environment.</p>
Operation	<p>The LEA is an annual incentive scheme for Executives and Senior Leaders (including the Chief Risk Officer and Chief Internal Auditor, who have been added as eligible participants from 2023), with an element of deferred payment.</p> <p>There are initial gateway requirements for the award which consist of capital and liquidity conditions, financial targets, individual performance and the absence of any material regulatory breaches.</p> <p>Each year a number of key business measures are identified and threshold, target and stretch performance is approved by the Remuneration Committee.</p> <p>The Remuneration Committee can apply malus and clawback to an award made to an Executive if it is discovered that the award should not be paid. Malus and clawback are outlined in our variable pay scheme rules.</p> <p>Subject to approval, a proportion of the award is paid in the March following the scheme year and annually thereafter as detailed in the deferral table in the Remuneration Report.</p> <p>Colleagues who join the scheme part way through the scheme year will be entitled to receive a pro-rated award based on full months worked.</p>
Maximum potential value	<p>Potential payments for Executive Directors:</p> <ul style="list-style-type: none"> <li>• Nil for threshold performance</li> <li>• 19% of salary for achieving target</li> <li>• 38% of salary for attaining highly stretching targets</li> </ul> <p>Potential payments for Senior Leaders:</p> <ul style="list-style-type: none"> <li>• Nil for threshold performance</li> <li>• 9% of salary for achieving target</li> <li>• 18% of salary for attaining highly stretching targets</li> </ul>
Performance conditions and assessment	<p>Each year at mid-year and end-of-year the variable pay scheme measures are assessed by the Remuneration Committee to evaluate the scheme gateways and performance of the measures in relation to variable pay, and calculate payment.</p>

Element	Pension
Link to strategy	To attract and retain Executives who have appropriate capabilities, skills, and experience to deliver the purpose and strategy of the organisation.
Operation	<p>The Society operates a single defined contribution pension scheme and all colleagues have the opportunity to participate.</p> <p>Newly appointed Executives or Executive Directors are entitled to receive a pension contribution that is in line with that of the workforce, currently 8% of base salary.</p> <p>During 2022 and 2023 there was one Executive with a legacy arrangement who was entitled to receive a pension contribution of 15% of base salary. This individual retired in 2023.</p>
Maximum potential value	<p>Pension contribution of 8% of base salary or equivalent cash allowance.</p> <p>This will increase to 9% in 2024 for all colleagues.</p>
Performance conditions and assessment	N/A

Element	Benefits
Link to strategy	To attract and retain Executives who have appropriate capabilities, skills, and experience to deliver the purpose and strategy of the organisation.
Operation	<ul style="list-style-type: none"> <li>• Includes family private medical insurance, critical illness cover, life assurance and annual health checks</li> <li>• New appointments are entitled to the above benefits</li> <li>• Some Executive Directors are entitled to legacy car allowance (this has been phased out for new appointments since 2020). During 2023 only one individual received a car allowance. This individual retired in 2023</li> </ul>
Maximum potential value	There is no maximum level; however, the overall value is determined by the nature of the benefit offering which is subject to change each year.
Performance conditions and assessment	Executive Directors are entitled to fully-funded family medical insurance. All other colleagues are entitled to personal private medical insurance after one year of service. Health checks are only available to Executive Directors.

### Performance scenario illustrations

The below graph shows the remuneration that each of the Executive Directors could earn for 2024 in line with our Remuneration Policy as a minimum, at target and as a maximum. These are calculated using Executive Director salaries as at February 2024.

Fixed remuneration figures include salary, pension and taxable benefits. The variable remuneration percentages are shown as a proportion of total fixed remuneration. Actual variable pay is calculated using base salary.



### Policy on remuneration of Non-Executive Directors

The table below sets out the sole element of Non-Executive Directors' remuneration and how it operates.

Element	Fees
Link to strategy	There are set fees for all Non-Executive Directors with additional fees for chairing any Committees to reflect the additional level of responsibility.
Operation and deferral	Each Non-Executive Director receives a basic fee which is standard for all Non-Executive Directors, apart from the Chair who receives a higher fee to reflect the additional level of responsibility.  An additional Directors' fee is then paid to the Non-Executive Directors who act as Chairs of the various Committees.
Maximum potential value	There is no 'maximum' fee opportunity.

The elements detailed above are the only elements of remuneration paid to Non-Executive Directors. Non-Executive Directors are not eligible to participate in any form of variable remuneration scheme and do not receive pensions or other benefits. Travel and subsistence expenses are reimbursed.

The policy when setting fees for the appointment of new Non-Executive Directors is to apply the same policy which applies to current Non-Executive Directors.

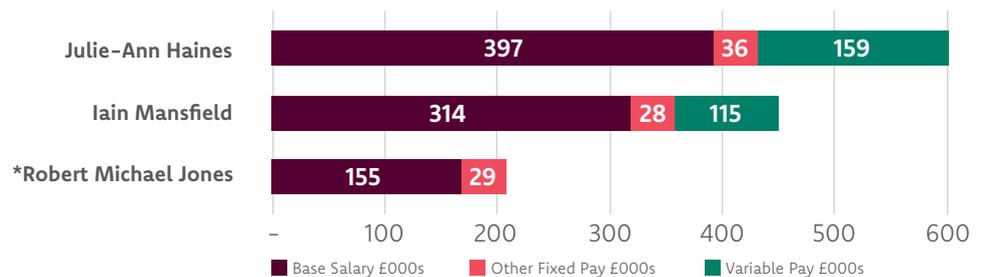
### Executive Directors' Remuneration

The below graph provides a summary of the single total figure of remuneration for Executive Directors for the 2023 financial year. See the single total figure of remuneration table and notes below for further information.

For February 2023, it was agreed that Executive Director increases would be treated in line with the broader approach applied to the wider workforce. Taking into account market pay levels, the Committee decided to apply a market rate increase to the Chief Executive Officer's base salary, which included a 5% increase as per the approach to other Senior Leaders pay. No changes were made to Chief Executive Officer benefits for 2023.

Our Chief Financial Officer received a 5% salary increase in line with the wider workforce increases. No rebasing of salary was performed, as it was determined his salary was in line with market data received. Iain Mansfield's 2022 earnings were split between his role as Chief Operating Officer and Chief Financial Officer, and reflected the consolidation of his legacy benefits and an increase to pay to reflect his new role and market conditions. Additionally, an amount of back pay was paid to Iain in early 2022 to reflect a change to his salary in 2021.

Robert Michael Jones did not receive a pay increase as he was under notice of resignation at the beginning of the year and retired from the Society on 30 June 2023. The remuneration information included in this report for Robert Michael Jones is therefore representative of 6 months' remuneration from 1 January 2023 to 30 June 2023. No changes were made to Chief Risk Officer benefits for 2023.



\* The Chief Risk Officer retired from the Society on 30 June 2023. This graph illustrates the actual remuneration paid to the Chief Risk Officer in 2023.

## Single total figure of remuneration of Executive Directors

The below table provides a summary of the audited single total figure of remuneration for the 2023 financial year for each of the Executive Directors and a comparison to the prior year. Benefits comprise of life assurance, critical illness insurance and private medical insurance. Robert Michael Jones' taxable benefits also include legacy car allowance and pension contributions.

### Audited Information

Individual	Year	Base Salary £000	Taxable Benefits £000	Pension £000	Total Fixed Remuneration £000	Variable Pay £000	Total Remuneration £000
<b>Chief Executive Officer</b> Julie-Ann Haines	2023	397	4	32	433	159	592
	2022	360	4	29	393	108	501
<b>Chief Financial Officer/ Chief Operating Officer</b> Iain Mansfield	2023	314	3	25	342	115	457
	2022	269	8	31	308	78	386
<b>Chief Risk Officer</b> *Robert Michael Jones	2023	155	6	23	184	N/A	184
	2022	266	13	40	319	N/A	319

\* Robert Michael Jones retired from the Society on 30 June 2023. The 2023 remuneration reported here represents his remuneration for the period he was employed in the year i.e. 6 months. Robert Michael Jones' successor is not considered an Executive Director and as such, the new Chief Risk Officer's remuneration has not been included here.

### Variable Remuneration Outcomes

Variable remuneration for Executive Directors consists of both the REA and the LEA. The outcomes of both schemes for 2023 are detailed in the sections below.

### Rewarding Excellence Award

All eligible colleagues, including Executive Directors, will receive an REA award for 2023 of 11.25% of base salary.

Performance measure	Weighting	Threshold performance	Target performance	Stretch performance	Performance result	Performance outturn
<b>Financial Performance</b> ManEx	30%	0.92%	0.89%	0.87%	0.88%	2.85%
<b>Customer Service</b> Maze Net Promoter Score	30%	76.0	81.0	83.0	83.9	3.60%
<b>Key Strategic Measure</b> Net Retail Mortgage Growth <sup>1</sup>	30%	£415m	£437m	£503m	£1,089m	3.60%
<b>Carbon footprint</b> CO <sup>2</sup> Reduction <sup>2</sup>	10%	40 tCO <sub>2</sub> e	75 tCO <sub>2</sub> e	90 tCO <sub>2</sub> e	180.55 tCO <sub>2</sub> e	1.20%

<sup>1</sup> Net retail mortgage growth is the annual growth in retail mortgage lending, including effective interest rate, interest in transit and loan provisions

<sup>2</sup> CO<sup>2</sup> Reduction is a new measure for 2023 and measures the reduction of our carbon footprint.

### Leading Excellence Award

The LEA is only awarded to Executive Directors and Senior Leaders. As outlined in the Chair's Statement, the total LEA award for 2023 will be between 25.33% and 28.50% of base salary for Executive Directors. The outturn will depend on individual achievement against the Leadership Promises measures.

The below table shows the award for Executive Directors:

Performance measure	Weighting	Threshold performance	Target performance	Stretch performance	Performance result	Performance outturn as % of salary
<b>Strategic KPIs Progress</b> Better Homes, Secure Futures and Fairer Society outcomes <sup>1</sup>	33.33%	5 measures (out of 10) at or above target	7 measures (out of 10) at or above target	9 measures (out of 10) at or above target	7 out of 10 measures achieved	6.33%
<b>Enterprise objectives</b> Achievement of short-term priority enterprise objectives <sup>2</sup>	33.33%	4 measures (out of 8) at or above target	6 measures (out of 8) at or above target	8 measures (out of 8) at or above target	8 out of 8 measures achieved	12.67%
<b>Leadership promises</b> Individual assessment <sup>3</sup>	33.33%	Improvement Needed	Achieves	Outstanding	No individuals below eligibility threshold	CEO - 9.50%, CFO - 6.33%

<sup>1</sup> Our core SKPIs will drive a continued focus on delivering our longer term Society outcomes. The targets are based on a total of 10 SKPIs. Further details on SKPIs can be found in the Strategic Report section of the Annual Report.

<sup>2</sup> During 2023 we have focussed on 8 short-term Enterprise Objectives which each have a defined success measure(s) and focus on in year priorities to deliver our longer term goals. For 2023, examples included, increasing mortgage onboarding capacity and simplifying our business to become more efficient and effective.

<sup>3</sup> The outturn for this measure is based on individual performance against the measures which determines outturn level. The Chief Executive Officer achieved an Exceed rating resulting in an outturn of 9.50%. The Chief Financial Officer received an Achieve rating resulting in an outturn of 6.33%.

### The impact of deferral

For Executive Directors, 60% of the award for 2023 performance is payable in March 2024, with the remaining 40% deferred. The table below shows the percentage of the LEA which will be paid in each year and any payments yet to be made.

Variable pay received	2023	2024	2025	2026
2023 performance period	-	60%	20%	20%
2022 performance period	60%	20%	20%	-
2021 performance period	20%	20%	-	-

To receive each proportion of their award, an individual must be employed on the corresponding payment date to be considered for payment. All other individuals will not be entitled to receive that proportion of the award or any proportion due thereafter.

### Remuneration of the Chief Executive Officer over time

The table below shows the total remuneration of the Chief Executive Officer for the current and prior year.

Total remuneration includes base salary, pension, taxable benefits and variable pay awards under both the REA and LEA.

Year ended	Chief Executive Officer	Total Remuneration £000	Actual variable pay received as a percentage of maximum opportunity
2023	Julie-Ann Haines	592	80%
2022	Julie-Ann Haines	501	60%
2021	Julie-Ann Haines	508	72%

The Chief Executive Officer pay ratio provides a snapshot of the overall pay differential that exists between the Chief Executive Officer (the highest-paid person within the organisation), against the total remuneration of the median employee, and those who sit at the 25th and 75th percentiles. This means that when all colleagues' pay is listed from highest to lowest, the median is the middle value in that list, and the percentiles represent the lower and upper quartile positions.

The table below shows that the Chief Executive Officer's pay is 14 times that of the median colleague pay and has remained consistent with 2022.

Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	20:1	14:1	10:1
2022	19:1	14:1	10:1
2021	20:1	14:1	10:1

The total remuneration and salary values for the 25th, median and 75th percentile employees for 2023 are:

	25th percentile	Median	75th percentile
Total remuneration	£30,040	£41,115	£58,559
Salary remuneration	£24,519	£33,846	£48,026

### Notes to the Chief Executive Officer pay ratio:

Employee data includes full time equivalent total remuneration for all UK employees as at 31 December 2023, following the November 2022 pay review for employees and February 2023 pay review for Executive Directors. Variable pay is based on actual outcomes for the 2023 year as noted above.

For each employee, remuneration was calculated based on all components of pay including base salary, variable pay, benefits, and pension payments.

Our approach has not changed since the prior year. We recognise that this approach is not entirely in line with defined methodology, but we believe this approach gives a meaningful comparison that meets the spirit of the Chief Executive Officer pay ratio reporting regulations, and so we have continued to use the same methodology on the grounds of consistency and simplicity.

Our approach to reward ensures that remuneration (including base pay, variable pay and benefits) at Principality is transparent, fair, free from discrimination and aligned to the external market.

### Non-Executive Directors' Remuneration

The following table provides the audited information showing a single total figure of remuneration for the 2023 financial year for each of the Non-Executive Directors' and compares this figure to the prior year. Fees contain a base fee element and an additional element for chairing a Committee to reflect the additional level of responsibility.

Non-Executive Director and Non-Executive Board Associate fees have been treated the same way as the wider workforce in terms of consideration of market competitiveness and the same level of increase applied to them. This has resulted in a 5% increase to fees plus a further increase to our Chair's fee of £135,000, applicable from 1 February 2023

Additionally, whilst they are not Non-Executive Directors, our Non-Executive Board Associates receive annual fees of £31,500 for their contribution.

Audited information Non-Executive Directors	Fees	
	2023 £000	2022 £000
<b>Sally Jones-Evans</b> – Chair of the Board of Directors	134	121
<b>Claire Hafner</b> – Chair of the Remuneration Committee	68	65
<b>Debra Evans-Williams</b> – Non-Executive Director	55	53
<b>Jonathan Baum</b> – Chair of the Board Risk Committee (from April 2022) and Senior Independent Director	75	61
<b>Ian Greenstreet</b> – Chair of the Audit Committee (from April 2023 until December 2023)	71	-
<b>Shimi Shah</b> – Non-Executive Director (from May 2023)	37	-
<b>Derek Howell</b> – Chair of the Audit Committee and Senior Independent Director (until March 2023)	19	73
<b>Nigel Annett CBE</b> – Chair of the Technology Committee (until October 2022)	-	49
<b>David Rigney</b> – Chair of the Board Risk Committee (until March 2022)	-	17
<b>Total</b>	459	439

### Annual percentage change in remuneration of Directors and employees

The following table shows the percentage change in remuneration of each of the Directors from 2022 to 2023 compared with the average for all other employees. Data for all employees has been calculated on a full-time equivalent basis for comparison purposes and reflects all employees as at 31 December 2023. Executive Directors are based on actuals across the year.

The increase to Iain Mansfield's salary shows as larger than the actual 5% increase applied in 2023 due to his salary increase part way through 2022 as a result of changing from Chief Operating Officer to Chief Financial Officer. In addition, his benefits are showing a negative variance due to legacy benefits being removed at the point of this role change.

Non-Executive Director fees increased by 5% in the year in line with other senior leaders, with the exception of the Chair whose fees increased by 12%.

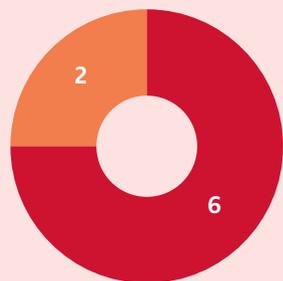
The change in all employee average salary is low in 2023 because there was no colleague pay review. The 2023 pay review was brought forward from February 2023 to November 2022. The year-on-year change therefore is as a result of in-year increases and changes to the colleague population. This has then flowed through to benefits and pension provision, and variable pay calculations.

Additionally, the performance of our variable pay schemes were stronger in 2023 than in 2022.

	% change in remuneration year-on-year		
	Salary/Fees 2022-23	Benefits 2022-23	Variable Pay 2022-23
<b>Executive Directors</b>			REA and LEA
Julie-Ann Haines	10%	9%	46%
Iain Mansfield	17%	-28%	47%
<b>Non-Executive Directors</b>			
Chair	12%	-	-
All Non-Executive Directors	5%	-	-
<b>All employees</b>			REA only
Change in average salary	2%	3%	11.77%

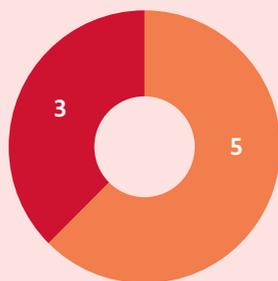
# Your Board of Directors

## Board Composition



- Non-Executive Directors
- Executive Directors

## Gender Diversity



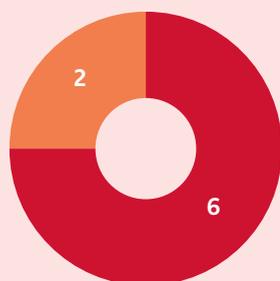
- Male
- Female

## Tenure



- 0-3 years
- 3-6 years
- 6-9 years

## Ethnicity Diversity



- White British
- Black, Asian and Minority Ethnicities (B, A & ME)

### Committee Key: (In bold for Chair)

- A** Audit
- G** Governance and Nominations
- NRC** NED Remuneration
- R** Risk
- RC** Remuneration



**Sally Jones-Evans**  
Chair, Non-Executive Director

**G** **RC** **NRC**

Joined the Board in February 2015, elected Chair in April 2021

### Skills and experience

I spent 30 years in retail banking and general insurance during which I gained wide-ranging experience in leading people through change, mainly in areas directly serving customers. I believe that helps me to support the Executive Leadership team to shape the Society's ongoing change agenda.

### Contribution to the Society's long-term sustainable success

I am responsible for leading the work of the Board, ensuring the Board operates effectively in setting the strategy, overseeing the performance, and setting the risk appetites of the Society. I am also responsible for ensuring robust succession plans are in place, that the Society maintains the highest standards of corporate governance and that we have an open and transparent culture.

### Other roles

I sit on the Boards of Hafren Dyfrydwy Ltd (a subsidiary of Severn Trent PLC) where I also chair the Audit and Risk Committee, and serve as a Trustee Director of Tearfund, the humanitarian and overseas development charity.



**Julie-Ann Haines**  
Chief Executive Officer (CEO)

**NRC**

Joined the Board in May 2016

### Skills and experience

I was appointed Chief Executive Officer in 2020, prior to that I had been the Society's Customer Director since 2012. Before joining Principality, I was a senior manager in sales, marketing and technology for companies such as Sainsbury's and HBOS. Working closely with customers has always been a critical part of what I do.

### Contribution to the Society's long-term sustainable success

I am passionate about the Society, ensuring we build on our mutual ethos and values of being rooted in our communities, providing fantastic customer experience and in meeting your needs. My role is to lead the Executive team to ensure we continue to deliver the Society's strategy for the long-term interests of our Members and ensure that the organisation runs smoothly day-to-day, supporting colleagues and building an inclusive and engaging culture.

### Other roles

Member of the UK Finance Mid-Tier Strategic Advisory Committee. Member of the International Advisory Board of Cardiff Business School. Trustee of the Wales Millennium Centre and Deputy Chair for BSA.



**Jonathan Baum**  
Independent Non-Executive Director

A G R

Joined the Board in July 2021

**Skills and experience**

I have 30 years of experience in domestic and international banking within globally renowned organisations including Lloyds Banking Group, Barclays Bank plc, and GE Capital. I was a Non-Executive Director for TransUnion UK and Vanquis Bank.

**Contribution to the Society’s long-term sustainable success**

My experience across retail, business, wealth and asset finance sectors and in risk leadership roles enables me to have oversight of current and emerging risks that will ensure that the Society continues to be successful and sustainable for its Members.

**Other roles**

Non-Executive Director of Lendable Ltd and FCE Bank Plc.



**Ian Greenstreet**  
Independent Non-Executive Director

A G

Joined the Board in November 2022

**Skills and experience**

I am a qualified accountant (ACA) and Investment Banker with over 35 years of financial services experience (banks, insurance companies, and fintech organisations). I am an experienced risk professional and worked as Chief Risk Officer at ABN Amro UK before undertaking several Board roles. I also co-founded and developed a successful disruptive fintech FX firm. I have global experience with rich European, African and Asia exposure.

**Contribution to the Society’s long-term sustainable success**

My experience will enable me to help the Board fulfil its oversight responsibilities in respect of matters relating to the integrity of financial and narrative statements; systems of risk management and internal control.

**Other roles**

Strategic Advisor and Member of the Advisory Group – London Stock Exchange; CEO and Founder, Infinity Capital Partners Ltd; Board Director, NET1 UEPS Technologies Inc; Board Director, United Bank of Africa and Advisory Council and Strategic Advisor to the Chairman and UK Board, KPMG.



**Claire Hafner**  
Independent Non-Executive Director

A G

R RC

Joined the Board in April 2018

**Skills and experience**

I am a qualified accountant (ACA) and have an MA in Languages and Economics. I trained and qualified at Ernst & Young in the Financial Services audit department followed by a further three years in corporate tax. During my career, I have performed a broad range of roles across multiple sectors including a term of six years as a Non-Executive Director of the West Bromwich Building Society.

**Contribution to the Society’s long-term sustainable success**

My experience across the different sectors of financial services, payments, professional services, multimedia and telecoms enables me to contribute to the Society’s change programme and to the Society’s continuing success.



**Iain Mansfield**  
Chief Financial Officer (CFO)

Joined the Board in December 2019

**Skills and experience**

I was appointed Chief Financial Officer in July 2022. My remit extends across Commercial, Nemo, Architecture, Strategy, Corporate Property and Estates. I joined the Society in January 2015 initially as Finance Director for Nemo (Principality’s second-charge loans subsidiary) before becoming Nemo’s Managing Director. Prior to my current role, I was appointed Chief Operating Officer in October 2017 and joined the Board in December 2019. I am a Chartered Accountant with more than 20 years’ experience across retail banking and start-up and private equity-owned financial services businesses in the UK.

**Contribution to the Society’s long-term sustainable success**

My role is to ensure we plan and manage the Society’s capital, liquidity and funding in the long-term interests of our Members and the sustainability of the Society.



**Shimi Shah**  
Independent Non-Executive Director

G RC

Joined the Board in May 2023

**Skills and experience**

I have been actively involved in building and running businesses, incubators, innovation policy, fund management, and venture capital for over 20 years across the US, Europe, and the Middle East, and am also a prolific and active Angel Investor across those territories in my own right. During my career I have built and managed significant investments and portfolios and served with some of Europe’s leading Private Equity firms with investments in over 50 companies.

**Contribution to the Society’s long-term sustainable success**

I am highly experienced in mergers and acquisitions, fundraising, IPOs and exits. I have extensive board experience (listed companies through to SMEs and start-ups) and currently serve on three boards in a non-executive capacity. I am known globally as an innovation policy and incubator and corporate governance expert, and provide consulting services in this area to SMEs and government establishments across EMEA.

**Other roles**

I am also on the Boards of The Royal Mint Limited, Miratech Limited and Impact Holdings. I am also an active member of the Young President’s Association (YPO), currently serving on the Chapter Committee.



**Debra Evans-Williams**  
Non-Executive Director

A G RC

Joined the Board in September 2019

**Skills and experience**

During my career, I have held a range of Executive and Non-Executive Director positions and have also worked in a consultancy role with companies in the UK, Europe and the US. My previous experience includes five years spent at the Britannia Building Society, as well as senior roles at Tesco Compare and Confused.com.

**Contribution to the Society’s long-term sustainable success**

My experience in the Fintech/E-commerce arenas will enable me to make a positive contribution to the Society’s ongoing digital transformation which will support the continued delivery of stand-out experience for our Members.

**Other roles**

Non-Executive Director of Co-Op Insurance, the Milford Haven Port Authority, Chair of GCRE Ltd and Director of Awen Consulting Services Ltd. Trustee of the Alacrity Foundation and a proud ambassador for Tŷ Hafan.

# Notice of Annual General Meeting (AGM) 2024

Principality Building Society will hold its AGM at 11am on Friday 19 April 2024 at Marriott Hotel, Mill Lane, Cardiff, CF10 1EZ and online for the following purposes:

## Ordinary Resolutions

1. To receive the Directors' Report, the Annual Business Statement, the Annual Accounts and the Auditors' Report for the financial year ended 31 December 2023.

You can find more information in our Annual Report and Accounts which you can find at [principality.co.uk/AGMhub](http://principality.co.uk/AGMhub) or visiting your local branch.

2. To approve the Directors' Remuneration Report for the year ended 31 December 2023, as set out in the Annual Report and Accounts.

The vote is advisory. The Directors' right to remuneration does not depend on this resolution being passed. A full version of the Directors' Remuneration Report appears in the Annual Report and Accounts and a summary is set out in the Summary Financial Statement leaflet.

3. To re-appoint Deloitte LLP as Auditors until the conclusion of the next AGM.

The Board is proposing the re-appointment of Deloitte LLP as the Society's Auditors, subject to Member approval at the AGM.

4. Election and re-election of Directors:

- a) To elect Simon Moore
- b) To elect Shimi Shah
- c) To re-elect Jonathan Baum
- d) To re-elect Debra Evans-Williams
- e) To re-elect Claire Hafner
- f) To re-elect Sally Jones-Evans
- g) To re-elect Julie-Ann Haines
- h) To re-elect Iain Mansfield

You can find out more on who makes up your Board of Directors in the Summary Financial Statement leaflet (see pages 5 to 6 & 31 to 33) or online at [principality.co.uk/AGMhub](http://principality.co.uk/AGMhub).

Sally Jones-Evans will seek re-election at the 2024 AGM. She does plan to step down as Chair and Director later in the year, subject to Simon Moore's successful election as a Director by Members and whilst we await regulatory approval. This will ensure a smooth transition is achieved.

The Chair confirms that all of the current Directors looking to be elected or re-elected continue to be effective and are strongly committed to the role.

**The Board recommends that you vote 'For' each of the ordinary resolutions and 'For' the election or re-election of each of the Directors.**

By Order of the Board.

Tony Smith  
Chief Governance Officer  
19 February 2024

## Joining the meeting

Our AGM gives Members the opportunity to have a say on how we're run. You don't need to attend the physical meeting to join in, you can participate fully (including being able to vote and ask questions) by joining online. Please visit [attend.cesjoinin.com/login](http://attend.cesjoinin.com/login), Meeting ID 30275.

You will need your two security codes to log in which you can find in the original voting communication you would have received by post or email.

We will also live stream our AGM in our Wrexham, Hereford, Cwmbran, Llanelli, Swansea and Merthyr Tydfil branches. At these branches, you will be able to vote online using your own device. Full address details can be found on [principality.co.uk/branch-finder](http://principality.co.uk/branch-finder). Online joining details can be found at [principality.co.uk/AGMhub](http://principality.co.uk/AGMhub).

## Notes

- 1) These Notes form part of the Notice of Meeting.
- 2) Under the Society's Rules, a Member entitled to attend the Meeting and vote may appoint one proxy to attend and vote on his or her behalf.

You may appoint the Chair of the Meeting or anyone else as your proxy, and your proxy does not have to be a Member of the Society.

Your proxy may attend the Meeting (either at the physical venue or online) and vote on your behalf. Your proxy may not speak on your behalf at the Meeting except to demand or to join in demanding a poll. You may appoint a proxy by post or online using the Society's secure independent voting site with further details to be found in the voting guide.

- 3) You may instruct your proxy how to vote at the Meeting. Please read the instructions on the proxy voting form.
- 4) The voting date is the date of the Meeting, Friday 19 April 2024, if voting in person, and 11am on Wednesday 17 April 2024 if voting by proxy.
- 5) In order to attend and vote at the Meeting, or appoint a proxy, you must qualify as either a Shareholding Member or a Borrowing Member.

## Shareholding Members

- a. To qualify as a Shareholding Member, you must –
  - i) if you are an individual, be at least 18 years old on 19 April 2024; and
  - ii) have held shares\* to the value of not less than £100 in the Society on 31 December 2023; and
  - iii) not have ceased to hold a share\* or shares\* in the Society at any time between 31 December 2023 and the voting date.
- b. Where the shares\* are held jointly by two or more persons, only the first named in the records of the Society in respect of those shares\* can have any voting rights.

(\* A reference to 'share' or 'shares' is a reference to a share account opened or a share issued by the Society in accordance with the Rules of the Society.)

## Borrowing Members

- a. To qualify as a Borrowing Member, you must –
    - i) be at least 18 years old on 19 April 2024, and
    - ii) have owed the Society not less than £100 in respect of a mortgage debt on 31 December 2023, and
    - iii) owe the Society not less than £100 in respect of a mortgage debt on the voting date.
  - b. Where a mortgage debt is owed jointly by two or more persons, only the first named in the records of the Society in respect of that mortgage can have any voting rights.
- 6) In addition, **you can vote only once** as a Member, irrespective of –
- a. the number of accounts you hold and whether you hold accounts in different capacities (for example, on your own behalf and as a trustee), and
  - b. whether you qualify to vote as both a Shareholding Member and a Borrowing Member.



Registration at the Annual General Meeting will open from 10am at Marriott Hotel, Mill Lane, Cardiff, CF10 1EZ and online at [attend.cesjoinin.com/login](http://attend.cesjoinin.com/login), Meeting ID: 30275.

