



Members' Review 2022



Bath Building Society

We're different because you are



Layla Jones
Apprentice

“As an Apprentice, my role within the Society is to gain knowledge and experience from all departments, and to provide support where I can. I began my apprenticeship in June 2021 as a Customer Service Adviser within the branches. Whilst working in the branches, I not only gained insight into how the Savings Department operates, but also into the purpose and nature of the Society. As my apprenticeship progressed, I was given the opportunity to work in the Business Change Department. The team works to transform the business and deliver positive change to the Society. This includes making improvements to processes, systems and ways of working to increase productivity and grow the Society. I have been given the opportunity to get involved with various projects which have all contributed to my apprenticeship, which I am still working to complete.”

Chair's Report

For the year ended 31 December 2022

In a year where Bath Building Society ('the Society') has had to cope with a multitude of operational challenges, it has delivered an acceptable set of financial results.

Business Highlights



Gross mortgage lending of:

£48.1m

2% lower than previous year (2021: £49.2m);



Society reserves up by 5.9% to:

£44.5m

(2021: £42.0m);

Shares and borrowings net outflow of:

£8.3m

(2021: £6.3m net inflow)

which reduced the Society's savings book by 2.6% to a level of **£308.3m** (2021: £316.6m);

Society profit on ordinary activities before taxation increased by 52.4% to:

£3.2m

(2021: £2.1m);

Liquid assets ratio increased to:

27.7%

of shares and borrowings (2021: 27.3%);

Total assets of the Society increased by 0.3% (2021: 2.2%) to a level of:

£362.2m

(2021: £361.2m); and

Cases with arrears of more than 2 months reduced to:

9

(2021: 11).

The key 2022 economic influences on the Society's business

Although the general economic impact from Covid continued to decrease in 2022, the virus remained in widespread circulation and as such, the Society retained some measures to minimise the risk of colleague and customer infection. The sudden outbreak of the war in Ukraine in February 2022 resulted in significant increases in international energy prices which rapidly pushed up the rate of inflation in the United Kingdom and elsewhere. In order to try and subdue these inflationary pressures the Bank of England (BOE) sharply increased its base rate over the year. This resulted in the Society having to process increases in its savings rates and its standard variable rate for mortgages on seven separate occasions.

The increases in our savings rates have positively impacted the majority of our Membership but those of our borrowing Members who do not have fixed rate mortgages will have experienced significant increases in their monthly repayments. The Society closely monitors the potential signs of payment difficulties however there wasn't any uptick in arrears or repayment issues during 2022. It is possible that these may increase in the future if interest rates continue to rise and the cost-of-living crisis impacts our customers more. The Society remains

committed to assisting its borrowers who fall into difficulties with their loan repayments as best as it can and encourages those Members to contact the Society as early as possible.

The rapid increase in interest rates improved the Society's 2022 earnings. The majority of the Society's liquid assets are held on deposit at the BOE and for the first time in over a dozen years, the Society earned a positive margin on holding liquid assets. This was a major factor in the improvement in the Society's profitability.

With rapidly rising interest rates, it was no surprise that throughout 2022, demand from potential borrowers was strongly in favour of fixed rate mortgage products. The Society hedges fixed rate loans by buying interest rate swaps. The severe volatility in UK financial markets caused by the mini-budget in September 2022 resulted in swap pricing rising very quickly to the point where fixed rate lending rapidly became uneconomic for the Society and all such products had to be withdrawn from the market immediately. Although this situation thankfully reversed back to some semblance of normality, the Society was unable to offer fixed rate products to new customers in the final quarter of 2022 and this had a negative impact on its annual lending figures as a result.



Graeme Finch
Compliance Officer

"I work alongside other departments – particularly Savings and Treasury – to ensure that day-to-day activities are in keeping with all the relevant rules and regulations. As with everyone that works at the Society, our focus in the Compliance Department is to always make sure that our Members are well looked after and that their experience with us is excellent. Since my role as a Compliance Officer is so diverse and the Society is undergoing so much exciting change, I can usually be found lending a hand or offering assurances just about anywhere!"

Key operational challenges faced by the Society in 2022

The large number of interest rate changes that had to be processed and the requirement to appropriately resource business change projects were both significant operational challenges for the Society. The high workload was exacerbated by a combination of increased colleague absence due to the Omicron variant of Covid. 2022 also saw a higher than average colleague turnover and a tight labour market meant it took longer than average to recruit to fill those vacancies and additional created positions.

At times reduced staffing levels did result in the Society restricting new mortgage applications and temporary closures of branch counters at short notice. Unfortunately, these actions did respectively contribute to the reduction in annual gross advances compared with the prior year and a temporary increase in customer complaints. In its key commercial and operations areas, the Society managed to fill the majority of its vacancies by year-end and this has relieved pressure on the business.

Agency closures

The Society permanently closed its remaining five agencies on 30 September

2022. The decision to close was taken after the results of a strategic appraisal indicated that agencies were becoming increasingly costly to operate and that their contribution to the Society's strategic ambitions were likely to be limited. The Society made maximum efforts to retain the support of as many Members that were using the agencies as possible. Nevertheless, the Society anticipated that there would be some negative customer impact from the closures and that they would result in a reduction in balances and Membership. Indeed, the reduction in the Society's savings balances over 2022 was almost completely due to the agency closure programme. I would like to place on record my thanks to our ex-agents who have worked with us in a spirit of partnership over many years. We wish them every success for their futures.

Risk management

In 2022 the Society expanded its Risk Management and Compliance Department in order to enhance its abilities to critique and challenge the Society's risk assumptions, its risk management processes and its review of key prudential risk management documents. The Society will look to further strengthen its risk management capabilities in the year ahead.

Forward to the future

The Society commissioned two major pieces of consultancy work in 2022 that were focussed on ascertaining the best way forward for it to deliver transformative improvements in its productivity and its customer journeys. The recommendations from these consultations now form one of the major themes of the Society's future business strategy and it will result in material investment being made into the Society's people, systems and technology over the next five years. Once the benefits of this investment are fully realised, the Society will have a solid foundation, capable of growing its asset base and Membership at a faster pace in future years and reducing the probability of additional operational risks. This in turn will deliver the Society's future financial success.

The Society's Board of Directors

After nine years of stalwart service to the Society, Robert Derry-Evans stood down from the Board at the end of 2022. On behalf of his Board colleagues, I would like to thank him for his significant contribution as a Non-Executive Director and especially for his wise stewardship during his term as Society Chair.

After four successful years as Chief Financial Officer, Tom Leach left the Society in July 2022 to be replaced by Richard Ingle on 22 August 2022. I want to take this opportunity to thank Tom for his productive four years of service to the Society and particularly the prudential risk management improvements he made in this time. As part of Board succession planning, Sameer Rahman joined the Board as a Non-Executive Director on 1 May 2022. We wish Robert and Tom every success for their respective futures and we welcome Richard and Sameer.

I would like to acknowledge the continued support that the Society has received from its Members, mortgage intermediaries and suppliers during what was another challenging year. Finally, I would like to thank the Society's colleagues for their continued hard work and professionalism. Their efforts have been truly appreciated by the Board having advanced numerous strategic projects over 2022 that will lay the foundations for a sustainable and profitable future.

Joanne Evans

Chair of the Board

7 March 2023



Jo Gillow
Digital Communications Manager

“I joined the marketing team in 2019 as the Society’s first Digital Communications Manager, responsible for improving digital communications with our Members, Intermediary partners and the local community. This involved delivering a new website with new functionality including introducing a Live Chat service, artificial intelligence assistance for Intermediaries, an online mortgage affordability calculator and criteria hub. I work alongside our PR & Communications Manager on all of Bath Building Society’s marketing activities including strategy, partnerships, Member communications, content, events, advertising and community relations work. I love working for a mutual organisation where the primary focus is to benefit our Members, not shareholders, and to play a role in educating people of the importance of saving and being confident with money.”

Chief Executive's Report

For the year ended 31 December 2022

Mortgages

Over recent years, Britain's housing market experienced a surge in demand from buyers which led to sharp increases in property values. However, rising interest rates has hit momentum and 2022 house price growth reduced to 1.9%, the weakest rise in three years. Despite a slowing market, the Society attracted the highest level of customer applications for its mortgages in its history. However, due to a combination of factors, it has reported a year-end mortgage book of £264.2m (2021: £269.1m), this being 1.8% lower (2021: 0.7% higher) than the prior year.

The sharp increase in market interest rates and the spiralling cost of living led to more applicants failing the Society's loan affordability test. Furthermore, anticipating a reduction in house prices, property surveyors were more prudent in their valuations, and this resulted in more applications failing due to insufficient security. The Society intentionally reduced application volumes in the second quarter of the year to avoid over working staff who were having to cope with temporary staff shortages and high demands to support business change projects.

Conveyancer difficulties throughout 2022 led to a significant market-wide increase in the time taken between applications reaching their contractual offer stage and loans actually advancing. This meant that many applications received by the Society in the third and fourth quarters of the year had not proceeded to advance by year-end. The Society experienced a significantly higher level of capital repayments in 2022 compared with the prior year as more borrowers chose to make part repayment of their loans.

Fair value assessments of the Society's fixed rate loans and their associated interest rate swap instruments are undertaken annually. With a background of rapidly rising market interest rates, the fair values of fixed rate loans were reduced by £6.9m compared with only £1.4m in 2021 and this is why the Society has reported negative book growth for 2022.

The principal part of the Society's lending business continues to be mortgages to private individuals to facilitate the buying of their own homes. In 2022, lending to owner occupiers was £30.7m (2021: £34.9m) which constituted 64% (2021: 71%) of the Society's gross lending.

Compared with 2021, the Society experienced increased demand for its prime residential mortgages, for student mortgages, and for mortgages for those who wished to buy an equity share in their existing housing association homes. The Society advanced fewer mortgages to those building their own homes and to those with residential mortgages that were supported by indemnity insurance.

In 2022, lending to borrowers who bought properties that were rented out to tenants was £17.4m (2021: £14.5m) and this formed 36% (2021: 29%) of the Society's annual gross lending. The Society experienced a reduction in demand for mortgages to purchase holiday properties in favour of increased demand for lending to buy properties that were rented on longer term tenancies.

The Society updated its mortgage fee structure in 2022 with product fees generally becoming a higher fixed monetary level rather than being a variable proportion of loan size. This has improved the reporting of the Society's mortgage range on intermediary sourcing systems and has attracted larger loan applications.

Over the course of 2022, the Society made progress with projects aimed at

improving productivity and customer journeys. The Society launched a new loan affordability calculator on its website with functionality that permits intermediaries and potential borrowers to more accurately self-test their enquiries against the Society's affordability rules. This has significantly reduced the need for mortgage sales staff to service enquiries, subsequently freeing them up to do more productive work.

The Society also successfully completed the first part of a project that will eventually result in the adoption of a paperless direct debit process. The first phase of a major project to streamline the processing of mortgage applications completed in 2022, with the aim of reducing the time taken for the Society to issue customers with contractually binding mortgage offers. To complement its popular Live Chat facility, the Society introduced the Bath Electronic Assistant (BEA) in August 2022. This is an i-bot that has been trained to accurately answer hundreds of frequently asked questions from intermediaries about the Society's mortgage range and its lending policies. BEA supports these enquiries in real time and it is especially useful in out of hours periods when Society staff are not available. Since its launch, it has accurately answered over 1,200 enquiries without the need for human intervention.

It is the Society's future intention to extend BEA's use to answer questions from a wider range of the Society's customers.

The Society continues to take a firm but sympathetic approach to the management of arrears. The number of cases being three or more months in arrears or otherwise in default reduced to nine (2021: 11). The number of cases requiring individual impairment charges has increased to two (2021: one). The Society had no properties in possession at year-end (2021: none).

Savings

With the Society starting 2022 with substantial liquid assets and with net mortgage growth being weaker than expected, the Society had a very limited requirement for new funding. Nevertheless, retaining the savings balances remained a challenge. With a constant series of market interest rate rises there was very little clarity about the positioning of competitor pricing in the savings marketplace over 2022 and this complicated the Society's job of setting its savers' rates at just the right level to give a fair return and ensure retention of balances. Over the course of the year, the seven increases in the Society's savings rates resulted in the annual interest paid to the Society's savers rising to £2.8m (2021: £1.2m).

With the exception of savings balances lost due to the closure of agency offices, the Society was successful in holding its balances of shares and deposits.

The Society launched a number of new savings accounts in 2022. New issues of its 12 month and 24 month fixed rate ISA products proved very popular with Members. To appeal to savers who wished to track the rising Bank of England (BOE) base rate, a new Base Rate Tracker Bond was issued that attracted over £5m of funding within only a few weeks. The Society launched a cash Lifetime ISA product in late 2022. This important product comes with a generous Government bonus and is aimed at young people saving towards a deposit for their first home or their retirement.

The Society aims to offer its savers as much choice as it can regarding the distribution channels that they wish to use to transact on their accounts. For the foreseeable future, the Society remains committed to operating its two branches located in Bath and it plans to start a branch refurbishment programme in 2023. Work continues apace to test an application that will provide the Society's Members with the functionality to securely access their savings accounts via their mobile phones. The application is due to launch in 2023.

The Society is intending to replace its Bath Online internet portal with a new system later in 2023.

Investment in people

The Society's strategy plans for increased investment in people, processes and technology to help deliver improved productivity and higher levels of future asset growth. Over 2022, the total number of Society colleagues increased to 73 individuals, a net increase of ten over the year. These new colleagues have primarily been recruited into the Society's savings support, mortgage sales, risk and compliance and business change functions. It is anticipated that the Society's headcount will continue to grow in future years but at a slower rate.

Customer satisfaction

The Society continues to assess the opinions of its customers via online surveys by Smart Money People. A Net Promoter Score (NPS) is measured that in simple terms balances customers' positive and negative views of the Society. An NPS of 70 or above is considered to be an excellent score. Data from 395 (2021: 389) participants in the survey resulted in a Society NPS of 80.3 (2021: 83.5). The participants in the surveys again mentioned good service, helpful staff and the absence

of waiting times as particular strengths of the Society. Despite these very encouraging results, the Society will continue to seek improvements in its service and it will retain its focus on consistently delivering high customer satisfaction where it can.

A focus on Members

The Society wishes to grow its Membership and in recent years it had been successful in doing this. The closure of the agency network in 2022 stalled this progress and unfortunately resulted in a net loss of approximately £9m from 500 Members with savings accounts. Although this is disappointing, the levels of account closures were below expectations and it is anticipated that the Society will quickly revert back to its Membership growth agenda in 2023. In November 2022, the Society held the inaugural meeting of its new Member Forum at 15 Queen Square, Bath. The Members who participated had the opportunity to hear from me as the Chief Executive about current Society thinking and to pose any questions on any subjects of interest or concern. The Society gathered very useful feedback from its Member attendees including on the role of branches and the planned new mobile app. Due to its success, the Society intends to hold further Member Forum meetings in 2023.



Niki Smith
Senior Underwriter

“My role is within a small team of Underwriters. We manually underwrite a broad range of mortgage applications, from our direct and indirect Sales Teams. We evaluate new borrowing requests and changes to existing borrowing in detail and assess the lending risks, ensuring compliance with our own Board approved Lending Policy. Our main aim is to help the Society assist new and existing customers with their mortgage needs whilst minimising potential risk of losses to the Society with prudent decision making.”

Environment, social and governance

The Society takes its responsibilities towards achieving the UK Government's 'net zero' carbon emissions target by 2050 extremely seriously. Initiatives are planned for 2023 and 2024 that will attempt to reduce the Society's own usage of electricity and gas, as well as reduce its general environmental footprint. The Society is also investigating how best to incentivise its borrowers to improve the thermal efficiency of their mortgaged properties.

In celebration of the Society's upcoming 120th anniversary in 2024, the Society has paid for 1,200 trees to be planted in and around the City of Bath in association with More Trees BANES, an organisation established to promote local tree planting. The Society is also intending to establish a small tree nursery on part of its grounds at its Wood Street branch in Bath city centre.

On an annual basis, the Society selects a Charity of the Year. The Society's colleagues make initial proposals to the Chief Executive who then selects a short list of suitable charities. Members and Society colleagues then elect their preferred charity from the short list. BillyChip, a local charity that aims to support rough sleepers through gifts of

food and warm drinks, was the Society's Charity of the Year until 31 December 2022. Bath Mind has been selected to be Charity of the Year for 2023. Bath Mind is a local and independently run mental health charity that supports the mental health and wellbeing of people across Bath & North East Somerset.

Over 2022, the Society expanded its provision of financial education to young people in association with WizeUp, a charity that partners with many local and regional societies to provide this specialised and valued service. Over the course of 2022, over 4,000 hours of face to face and online training were provided to 2,300 sixth formers from 11 Bath state schools and local colleges. The scale of the Society's partnership with WizeUp now comfortably makes it their largest society relationship.

The Society again sponsored the Fireworks Safety Poster Competition which is organised by The Rotary Club of Bath. This long running sponsorship aims to improve the awareness of the dangers of fireworks amongst Primary School aged children in the Bath area. The Society also supported the Rotary Christmas Carol Service held in Bath Abbey, half of the collection from which went to benefit the Society's Charity of the Year.

The Society's Small Charities Awards is now in its 16th year and it continues to provide local charities with small grants that make a real difference to their operations. In 2022, eight small charities benefitted from the Society's awards.

Over the course of 2022, the Society held four Dementia Awareness training sessions for its colleagues and one session for the benefit of interested Members. These sessions are immensely informative about the subject of dementia and are widely appreciated by the attendees. The Society aims to hold more such sessions in the future.

In June 2022, the Society started a major partnership with Team Bath, the University of Bath's elite sports team. A significant amount of Society branding can now be found at the University's Sports Campus and on Team Bath sports outfits. The partnership supports sport and fitness at all levels within Team Bath and offers the Society an excellent opportunity to promote its name and products to a larger audience and to benefit from wider TV coverage of Team Bath events and its sporting successes.

The Society has a strategic ambition to grow its investment in environmental and social programmes that benefit the local community. This reflects the

Society's strong belief that this is the right thing for a forward thinking and responsible business to do when it can afford to do so. The Society's total contribution into the Bath community for 2022 was £740 per employee (2021: £686).

As my fifth year as Chief Executive comes to an end, I would like to thank all of our colleagues for their hard work and support in what was another challenging period. Over 2022, the Society made real progress with projects that will advance its strategic ambitions. Although weaker asset growth was undoubtedly disappointing, the increase in profitability in 2022 is welcomed as it further strengthens the Society's reserves and it provides a strong platform to finance planned future increases in business investment.

Kevin Gray

Chief Executive

7 March 2023



Olivia Cobb
Customer Service Officer

"I work as a Customer Service Officer and have been employed by Bath Building Society since August 2022. My team and I are the first point of contact for all of our savings customers, whether that be by telephone, email, Live Chat, or post.

I also work in the branches on Saturdays, so you can find me there as well! I enjoy living in Bath as I am originally from Canada and have only lived in the UK for a year and a half!"

Our Charity of the Year

BillyChip® Community Interest Company (CIC) Compassion, Connection, Choice



BillyChip® CIC was Bath Building Society's chosen charity to support over the last 18 months. The social

enterprise provides a safe and secure currency for homeless people and it's the first scheme of its type in the UK. Since the global pandemic many of us no longer carry cash, add to this the hesitancy lots of us feel about donations being misused and it makes donating to rough sleepers very difficult. This amazing scheme created by a local young man overcomes these obstacles, ensuring that any exchange is only for food and drink.

The BillyChip was created by Billy Abernethy-Hope, a 20-year-old local ambulance driver. Billy always felt sad about the lack of support and direct donations for the homeless community and was determined to find a way to help. Tragically in March 2018, whilst travelling in Thailand, Billy died in a motorbike accident so never got to see the BillyChip in action.

Billy's sister Meg and dad Jon brought his idea to life and are now changing the homeless scene.

Since establishing BillyChip they've enjoyed lots of support from celebrities including Paul Weller, Tyson Fury, Tom Kerridge, Russell Brand and our very own local celebrities Martin Roberts and Russell Howard. They all love Billy's simple and effective idea, how it works and what a difference it makes.

It's been incredible to be a part of their journey over the last year, helping them achieve several defining moments. Earlier this year they were recognised for their work winning several accolades at the Bristol Life Awards, Finalists in the National Start up Awards and just last month BillyChip were finalists at the prestigious Great British Entrepreneur Awards held in London's Grosvenor House. They have also appeared on numerous television and radio shows; both the in UK and around the World. In the past Jon and Meg have been invited to talk about BillyChip on BBC Breakfast, GB News, ITV News, Sunday

Morning Live and across local BBC radio stations in the South West. They've also been featured in many well-known newspapers and magazines including The Times, The Guardian, Country Life, and our very own Bath Life magazine.

BillyChip is still growing into a nationwide solution, reliant on donations from organisations such as ours, the public and businesses to further expand the scheme. Jon Hope Co-founder said:

"We have a lot of work to do recruiting new coffee shops and cafes to the scheme. It has been a challenging time for everyone over the past three years. BillyChip is a new approach to providing support to homeless people and we do things differently, we have created a safe, secure circular economy which brings hope, compassion, connections and revenue to the homeless sector. We continue to push on to reach our goal of 1,000 outlets across the UK. This is the number of outlets projected to be self-sufficient as an organisation. When we hit that figure, we will no longer need external funding and we will be able to continue to provide grants to other worthy causes".

So far BillyChip has funded local projects like Street Vet, Suicide Prevention and Lizzie's Soup Run in Bath, with plans

**"You're fabulous
and don't you ever
forget it."**

well under way to provide temporary living accommodation for the homeless in 2023.

The BillyChip team (which also consist of Billy's Best friend Jack and the latest addition to the team apprentice Lizzie in charge of social media) have hit some key milestones this year from discussions with global organisations about taking BillyChip down under to Australia, to launching the scheme in the nations favourite high street bakers Greggs.

Meg said, "Billy would be very proud of what we have achieved but, he would also think we are a little crazy taking his idea and bringing it to life in his absence. Over the last three years we have learnt so much about the homeless community and the generosity of others. We recognise we wouldn't have been able to achieve so much without the incredible support given to us, from Bath Building Society.

We were very proud to have been named Charity Partner for Bath



Building Society and grateful to be able to showcase what we do with such an established and well-respected local business.

Our aim is to spread kindness and compassion to the homeless community and ensure that the BillyChip is available in as many Bath outlets as possible."

Find out more about our work at www.billychip.com

Report of the Directors on Remuneration

For the year ended 31 December 2022

Unaudited information

The following Report of the Directors on Remuneration will be put to an advisory vote of the Members at the forthcoming Annual General Meeting.

The Board has due regard to the principles outlined in the UK Corporate Governance Code 2018 relating to the setting of remuneration.

Level and components of remuneration

The Society's Remuneration Policy is to reward Directors through salary according to their expertise, experience and contribution. The Society also carries out benchmarking against other comparable organisations.

Executive Directors' emoluments

The remuneration arrangement for Executive Directors consists of basic salary, annual bonus, pension and other benefits. The Executive Directors do not hold outside directorships that provide an income for the benefit of themselves.

The Remuneration Committee designs the Executive Directors' bonus scheme to align the interests of Executive Directors with the interests of Members and provide incentives that recognise corporate and personal performance. If a range of challenging personal and operational targets is achieved, the Executive Directors can achieve a bonus of 10% of basic salary. The committee has the discretion to reward the Executive Directors an additional bonus element equivalent to a maximum of 5% of basic salary if collective exceptional performance is deemed to be delivered.

The Executive Directors benefit from a pension scheme whereby the Society contributes 12% of basic salary per annum to a money purchase scheme. The Society operates no final salary pension arrangements.

Kevin Gray receives the benefit of a company car. Tonia Lovell, Tom Leach (part year) and Richard Ingle (part year) received the benefit of a car allowance. Kevin Gray, Tom Leach (part year), Tonia Lovell and Richard Ingle (part

year) received the benefit of health insurance. The aggregate amount of these benefits is included in Table 1.

Executive Directors' contractual terms

Each Executive Director has an employment contract with the Society, terminable by either party giving six months' notice.

Non-Executive Directors

The level of fees payable to Non-Executive Directors is assessed by the Remuneration Committee using information from comparable organisations. These fees are not pensionable. Non-Executive Directors do not participate in any bonus schemes and they do not receive any other benefits. Their travel and subsistence expenses are paid by the Society, as a travel costs allowance. Details of Non-Executive Directors' emoluments are set out in Table 2.

The terms of appointment letter for each Non-Executive Director specifies that either party giving one month's notice may terminate the agreement.

Procedure for determining remuneration

Angela Cha, Fionnuala Earley and Robert Derry-Evans constituted the Remuneration Committee in 2022. The committee is responsible for setting Executive Director remuneration and Non-Executive Director fees.

After a review of the responsibilities and workload of Non-Executive Directors, the Committee approved a 6% rise in fees for 2023, significantly less than CPI inflation of 10.5%.

The Remuneration Committee reviews Executive Directors' basic salaries on an annual basis, by reference to jobs carrying similar responsibilities in comparable organisations and local market conditions generally.

On behalf of the Remuneration Committee

Joanne Evans

Chair

7 March 2023

Table 1: Executive Directors' Emoluments

2022	Basic salary	Annual bonus	Benefits	Pension contributions	Total 2022
	£	£	£	£	£
Kevin Gray	171,512	8,603	9,371	20,581	210,067
Tonia Lovell	101,366	6,630	7,505	12,164	127,665
Tom Leach (resigned 14 July 2022)	72,272	4,424	3,892	8,673	89,261
Richard Ingle (appointed 22 August 2022)	48,062	3,520	2,598	5,767	59,947
TOTAL 2022	393,212	23,177	23,366	47,185	486,940
2021	Basic salary	Annual bonus	Benefits	Pension contributions	Total 2021
	£	£	£	£	£
Kevin Gray	165,241	9,927	8,685	19,829	203,682
Tonia Lovell	94,279	5,664	7,158	11,313	118,414
Tom Leach	128,746	8,379	6,833	15,450	159,408
TOTAL 2021	388,266	23,970	22,676	46,592	481,504

Table 2: Non-Executive Directors' Emoluments

(comprising fees only)

	2022 £	2021 £
Robert Derry-Evans (Society Chair) (retired 31 December 2022)	39,670	37,905
Chris Smyth (Society Vice-Chair) (retired 28 April 2022)	10,811	30,496
Angela Cha	30,477	27,788
Fionnuala Earley	28,477	27,121
Joanne Evans	32,588	27,788
Denzil Stirk (retired 26 April 2021)	-	8,582
David Smith	33,634	30,829
Kevin Hayes (appointed 1 January 2022 and elected 28 April 2022)	29,477	-
Sameer Rahman (appointed 1 May 2022)	19,711	-
TOTAL	224,846	190,509

Note: Kevin Hayes was appointed on 1 January 2022 and as such did not receive any remuneration in 2021. Sameer Rahman was appointed on 1 May 2022 and as such did not receive any remuneration in 2021.

Summary Financial Statement

This 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 Bath Building Society from Thursday 13 April 2023.

Summary Directors' Report

The information required to be presented within the summary Directors' Report is given in the Chief Executive's Report on pages 8 to 14.

Summary income statement

Results for the year ended 31 December 2022

	2022 £000	2021 £000
Net interest receivable	9,046	7,617
Other income and charges	556	35
Administrative expenses	(6,382)	(5,443)
Operating profit before provisions	3,220	2,209
Impairment loss on loans and advances to customers	(14)	(73)
Provision for other liabilities and charges	(10)	(10)
Operating profit and profit on ordinary activities before tax	3,196	2,126
Tax on profit on ordinary activities	(603)	(483)
Profit for the year	2,593	1,643

Summary balance sheet

Results for the year ended 31 December 2022

	2022 £000	2021 £000
Assets		
Liquid assets	85,337	86,419
Mortgages	264,197	269,127
Fixed and other assets	12,626	5,698
Total assets	362,160	361,244
Liabilities		
Shares	248,291	256,515
Borrowings	60,001	60,083
Other liabilities	9,319	2,690
General reserve	43,594	41,001
Revaluation reserve	955	955
Total liabilities	362,160	361,244

Key financial ratios

	2022 %	2021 %
Gross capital as a percentage of shares and borrowings	14.5	13.3
Liquid assets as a percentage of shares and borrowings	27.7	27.3
Profit for the year as a percentage of mean total assets	0.72	0.46
Management expenses as a percentage of mean total assets	1.76	1.52

Approved by the Board of Directors on 7 March 2023 and signed on its behalf by:

Joanne Evans
Chair

Kevin Gray
Chief Executive

Richard Ingle
Chief Financial Officer

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 comprises reserves, including revaluation reserve, which have been accumulated over many years and provides a relative indicator of the Society's financial stability.
2. The liquid assets ratio represents the total of cash, debt securities and short-term deposits held by the Society, as a proportion of the Society's shares and borrowings. Cash, debt securities and investments 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 of the total assets at the start and end of the year. The Society needs to make a reasonable level of profit each year in order to maintain its gross capital ratio at a suitable level to protect savers. The Directors believe the profit for the year is consistent with the aims of mutuality.
4. The management expenses ratio measures the proportion that the Society's administrative expenses bear to the average of the Society's total assets during the year.
5. Bath Building Society prepared its Financial Statements for the year ended 31 December 2022 in accordance with Financial Reporting Standard 102 (FRS 102) as issued by the Financial Reporting Council.



Steve Burnard
Head of Business Change

“My job within the Business Change Department has two major focusses. Firstly, delivery of projects which begins by making sure the projects have been fully understood and planned out, ensuring that all stakeholder needs are known. I then see this through to delivery of the intended outputs. This could be some new technology, such as our new Online Mortgage Affordability Calculator or a new internal process which makes it easier for Members to work with us.

My second focus has been on planning for the future by identifying ways of improving the Member experience even further, that includes planning of our first Mobile App and other internal improvements to improve the overall experience.”

1 January 2023, Steve was appointed Chief Transformation Officer.

Independent auditors' statement on the Summary Financial Statement to the members of Bath Investment & Building Society

We have examined the Summary Financial Statement of Bath Investment & Building Society (the 'Society') set out on pages 23 to 24, which comprises Summary Income Statement, the Summary Balance Sheet as at 31 December 2022 and a summary of the key financial ratios.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Summary Financial Statement, in accordance with the Building Societies Act 1986.

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 compliance with the

relevant requirements of Section 76 of the Building Societies Act 1986 and the regulations made under it.

We also read the other information contained in the Summary Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement. The other information comprises only the Chair's Report, the Chief Executive's Report and the Report of the Directors on Remuneration.

This statement, including the opinion, has been prepared for and only for the Society's members as a body in accordance with Section 76 of the Building Societies Act 1986 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility

for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

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

Opinion

In our opinion the Summary Financial Statement is consistent with the full Annual Report & Accounts, the Annual Business Statement and the Directors' Report of Bath Investment & Building Society for the year ended 31 December 2022 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986, and the regulations made under it.

PricewaterhouseCoopers
LLP Chartered Accountants
and Statutory Auditors
Bristol
7 March 2023

Notice of Annual General Meeting

The 119th Annual General Meeting (AGM) of the Members of Bath Investment & Building Society will be held on Wednesday 26 April 2023 in the Abbey Room at The Hilton Hotel in Bath at 12 noon for the following purposes:

1. To receive the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31 December 2022.
2. To consider an Ordinary Resolution to appoint PricewaterhouseCoopers LLP as Auditor of the Society, to hold office until the conclusion of the next AGM, at which accounts are laid before the Society and their remuneration be fixed by the Directors.
3. To consider an Ordinary Resolution to approve the Directors' Remuneration Report.
4. To elect Richard Ingle.
5. To elect Sameer Rahman.
6. To re-elect Angela Cha.
7. To re-elect Fionnuala Earley.
8. To re-elect Joanne Evans.
9. To re-elect Kevin Gray.
10. To re-elect Kevin Hayes.
11. To re-elect Tonia Lovell.
12. To re-elect David Smith.

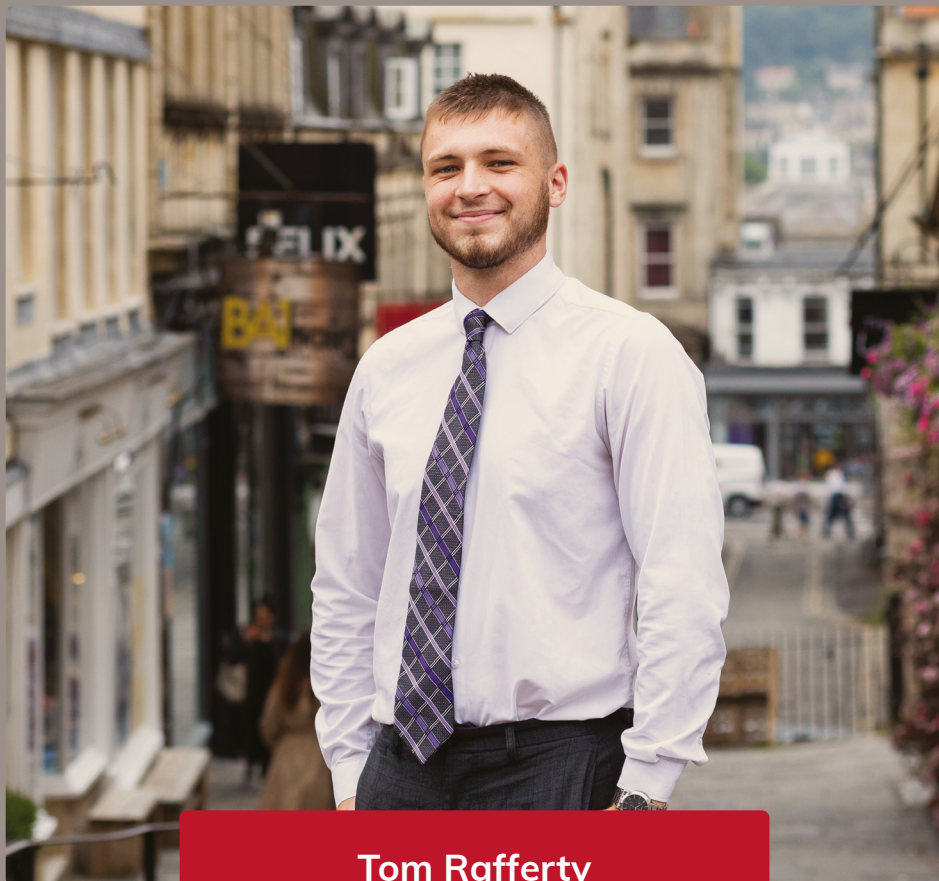
By Order of the Board

Tonia Lovell
Society Secretary
7 March 2023

Notes

These notes form part of the Notice of the Meeting.

1. Under the Society 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. Your proxy may vote for you at the meeting but only on a poll. Your proxy, if other than the Chair, may not speak at the meeting except in demanding a poll. You may instruct your proxy how to vote at the meeting. Please read the instructions on the proxy form. The voting date is the date of the meeting; Wednesday 26 April 2023, if voting in person, and Thursday 20 April 2023 if voting by proxy. In order to attend and vote at the meeting, or appoint a proxy, you must qualify to vote.
2. To qualify as a voting shareholding Member, you must be an individual of at least 18 years of age on the voting date; have held shares in the Society to the value of at least £100 at 31 December 2022 and continue to hold shares at the voting date; and be the first named on the account in our records.
3. To qualify as a voting borrowing Member you must be an individual of at least 18 years of age on the voting date; have held a mortgage in the Society to the value of at least £100 at 31 December 2022 and hold a mortgage at the voting date; and be the first named on the account in our records.
4. You can 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.
5. Item 3 in the Notice of Meeting relates to a Resolution for Members to vote on the Directors' Remuneration Report for 2022. 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, will be appropriate.
6. Items 4 to 12 in the Notice of the Meeting relate to Resolutions for election and re-election of Directors. In line with the UK Corporate Governance Code 2018, all Directors stand for re-election on an annual basis.
7. If you wish to appoint a proxy other than the Chair please contact us at AGM@bibs.co.uk



Tom Rafferty
Mortgage Consultant

“As a Mortgage Consultant my role consists of assisting primarily mortgage intermediaries and direct customers. Initially, I start with affordability and criteria checks and if this passes, I will help the intermediary/customer throughout the application process. I work closely alongside our Intermediary Relationship Managers, maintaining existing relationships and generating new business. I'm the first point of contact for any queries relating to our lending criteria, whether that be through Live Chat, email, or phone.”

Director Profiles

These are the profiles of the Directors to be elected to the Board.

Sameer Rahman

Sameer joined the Board as Non-Executive Director in May, 2022. He is a member of the Risk Committee. Sameer is a specialist in data and digital transformation and led the data transformation at The Royal Mint before setting up his own Data Science & Tech consultancy. He worked in Risk & Business Analysis at Lloyds TSB and HBOS before heading up the data science function at GoCompare.

Away from work, Sameer enjoys time with his family, playing cricket, badminton and tennis and is also a writer and publisher. He currently sits as a Non-Executive Director in various sectors including Housing, Sports, and Healthcare.



Richard Ingle

Richard joined the Society in 2022 as Chief Financial Officer and Board member. In previous roles he was Chief Financial Officer for Triodos Bank and Head of Financial Management for the Banking division of Nationwide Building Society. Richard is a fellow of the Chartered Institute of Management Accountants and holds an International MBA.

As a trustee of the Gloucestershire Community Foundation he chairs the Finance & Investment Committee. Richard lives in the Cotswolds, from where in his spare time he enjoys travelling with his family, reading and sports, including cycling and trail running.



These are the profiles of the Directors to be re-elected to the Board.



Joanne Evans

Joanne joined the Board in 2021 and was elected as Chair in 2023. Her career started as a management trainee at a Building Society which led to a focus on risk management in financial services. This included senior positions in Barclays UK and Tesco Bank. Joanne's finance career also includes the UK life and pension sector and the UK financial services regulator. Joanne is a Non-Executive Director at a UK life assurance company.



Kevin Hayes

Kevin joined the Board as a Non-Executive Director in January 2022 and is Chair of the Risk Committee. Kevin started his career in Banking after a brief stint as a professional cricketer and has run a number of different business units in both Commercial Banking and Asset Finance. He moved into Risk Management in 2010 on joining Secure Trust Bank and became Chief Risk Officer when assisting in their main market flotation. He has lived in the South West for 25 years and is married with two adult sons.

Angela Cha

Angela joined the Board in June 2014 and is the Vice Chair and Senior Independent Director. She is also a member of the Audit, Remuneration and Nominations Committees. Angela is a solicitor and former partner of Pinsent Masons.

She is a Non-Executive Director on the Board of the Financial Reporting Council and a member of the Audit and Risk, Supervision and Conduct Committees. In the voluntary sector, Angela is a co-opted member of the Finance, Audit and Risk Committee at the NSPCC.



David Smith

A Chartered Accountant, David was appointed to the Board as a Non-Executive Director in January 2016. He is Chair of the Audit Committee and also sits on the Nomination Committee. David was a financial services partner with KPMG in London from 1995 to 2006. He was Head of Group Audit at Man Group plc, an alternative asset manager for six years and then completed a six-year term as independent member of The Health Foundation, a major charity. He is a longstanding Governor of a primary school in East London.





Kevin Gray

Kevin joined the Society in 1998 in the position of Society Secretary. He was promoted to the Board of Directors in 2002 and was appointed as Deputy Chief Executive in 2006. From 2004 to 2018, Kevin held the position of Group Finance Director and was also head of the Society's savings team until 2012. Kevin has been the Society's Chief Executive since April 2018.

Although originally from Scotland, Kevin has lived in Wiltshire for over 30 years. He has two daughters and three dogs. His hobbies include skiing, walking, vegetable gardening, playing the guitar and watching Bath Rugby.



Tonia Lovell

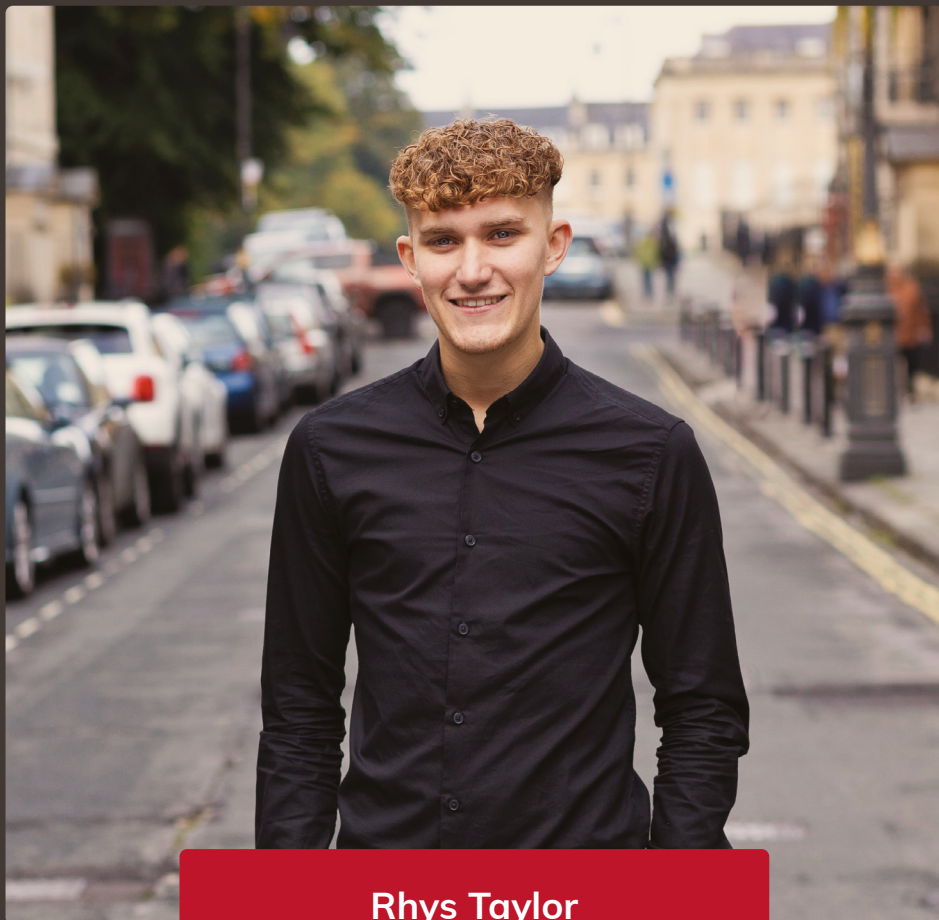
Tonia is a Chartered Governance professional and member of the Executive Committee. She joined the Society in 2008 and has responsibility for risk management, compliance, outsourced internal audit and facilities management. Tonia also manages the governance arrangements for the Society and is Chair of the IT & Operational Resilience Management Committee.

Tonia has lived in the Bath area all her life. She is married, has two grown up daughters and two grandchildren who keep her very busy when she's not at work!

Fionnuala Earley

Fionnuala was appointed to the Board as a Non-Executive Director in January 2018. She is Chair of the Remuneration Committee and a member of the Audit Committee. Fionnuala is an economist and has spent most of her career as a specialist in housing market economics. She has experience of the industry from many perspectives, having worked in both the mutual and non-mutual mortgage lending sector and for the UK financial services regulator.





Rhys Taylor
IT Support Administrator

"I am currently an IT Support Administrator for the Society.

My role includes, taking daily phone calls with queries such as, software bugs, hardware problems and end user issues. My day-to-day job is to ensure that our end users can perform their roles as efficiently as possible, making sure when a problem arises, we fix them in a timely manner. My team and I work to ensure all systems are up to date and performing to the best of their ability."



We're different
because you are

Head Office

15 Queen Square,
Bath BA1 2HN

Web

www.bathbuildingsociety.co.uk

Savings enquiries

Telephone

01225 423271

Email

savings@bibs.co.uk

Mortgage enquiries

Telephone

01225 475719

Email

mortgages@bibs.co.uk

Telephone calls may be
recorded to help the Society
to maintain high standards
of service delivery.

Bath Investment & Building Society is
authorised by the Prudential Regulation
Authority and regulated by the Financial
Conduct Authority and Prudential
Regulation Authority, Registration
Number 206026.

