

YOUR
SOCIETY

2018

Welcome



Review of
the Year



Summary
Financial
Statement
2018



Get to
know your
Directors



Notice of
Annual General
Meeting

Building your future



Principality

Building Society
Cymdeithas Adeiladu

Where home matters
www.principality.co.uk

Key highlights of 2018

We were busy in 2018 building the future for our Members

Supported over
6,400



first-time buyers onto
the housing ladder

Members' savings
balances of over



(2017: £6.5bn)

Raised
£220,000
for our
charity
partnerships



Net retail mortgage
growth of



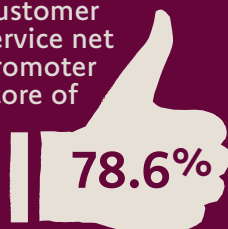
(2017: £917.2m)

£43.8
million



(2017: £53.4m)

Customer
service net
promoter
score of



(2017: 74.8%)

£124.1m



New Commercial
business

(2017: £143.8m)

Strong capital
ratios with a
Common
Equity Tier 1
ratio of

27.06%



(2017: 26.14%)

Profit before tax

£40.7
million



(2017: £57.6m)

The above measures, apart from 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.

Welcome

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Review of the Year



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Chairman's Review of the Year

I am pleased to report that Principality has posted another strong set of results in 2018, providing a secure haven for Members' savings and helping them get the home they want.

Our assets have increased to £9.7bn and we have recorded another solid year of profit which has further strengthened our capital to invest in the long-term future of the Society.

Strong performance

Our business model has enabled us to offer our Members some of the most competitive savings rates on the High Street and as a mutual organisation we do not have to satisfy shareholders by paying them dividends.

Despite a very competitive housing market, the Board and I are proud that more than a quarter of our mortgage completions in the past 12 months helped first-time buyers onto the property ladder. Helping people get a home and stay in one for longer is what we stand for as a mutual building society.

We are in the process of improving our technology to give our Members the choice to interact with us by their preferred method. This means we will have more of our products available online so customers can access their accounts 24/7. This is an exciting chapter in our rich history and one which will help the business to strengthen what it can offer Members and customers.

Brexit negotiations are impacting on the confidence of the housing market, along with the possibility of rising interest rates also affecting decision making. Never has it seemed so hard for businesses and individuals to plan ahead given the uncertainties and the volatility of the economy at the moment.

As you would expect, we have had to consider multiple scenarios to stress test our business. We are resilient and have a strong capital and liquidity position which puts us in a position to deal with any shocks that might emerge and thus keep our Members' money safe. We continue to closely monitor market trends so that we can run our business in the best interests of our Members.

These solid foundations provide support for our investment plans to grow our business in a safe and sustainable way for our Members and to make sure we are in a strong position for future generations.



Laurence Adams
Chairman



Pictured: Left: Welcoming our new 2019 charity partners to Principality House

Bottom-Left: Staff volunteering during the 2018 Eisteddfod at Cardiff Bay

Bottom: Julie-Ann Haines, Chief Customer Officer at our 2018 Charity Partnership Celebration



Supporting our Members, colleagues and communities

We give great consideration to what makes us unique as an organisation and align this with our ambition – to be proactive, personable, easy to do business with and to provide practical solutions to help our Members prosper in their homes.

I am proud to say that once again our colleagues have done some fabulous things for our three charity partners, schools and community projects and you can read all about their outstanding efforts in the Supporting our Members and Communities section. Our work in the area of Financial Education has been especially outstanding and I am very pleased that so many young people have been able to benefit from our expertise.

The entire Board is immensely proud of the work our colleagues have put in over the year to help vulnerable groups of people across Wales.

Our colleagues have once again received recognition for another phenomenal year of success, receiving some very high profile national awards for providing great customer service to our mortgage and savings Members and customers, as well as for their work in the communities in which we operate.

Principality has been busy upgrading and modernising our head office in Cardiff and a number of our branches. This is important not only to improve the working conditions of our colleagues but also to enhance the service we provide to our Members.

Diversity

One of our core values is “doing the right thing” and Principality’s commitment to ensuring a more diverse and inclusive workforce is a genuine focus to achieve a culture that is inclusive to all. We want our workforce to reflect the diverse nature of the communities we serve so passionately.

We strongly believe in growing and developing our staff at all levels. Our recruitment practices are fair and inclusive, and we have a strong focus on career and talent development to ensure that the best people are placed in the right roles. Women make up almost two thirds of our workforce and are spread across junior and senior roles.

In 2016, we were an original signatory to the Women in Finance Charter and are committed to reaching our target of 33% of women in senior positions by 2021. At 28%, we are close to that total three years ahead of that deadline, which emphasises the great work we have done already. This commitment is also reflected by the Board’s composition which is 30% female.

Board changes

Principality needs a strong Board to make sure your Society is being run in your best interests. We have been fortunate to attract high calibre directors who

have contributed to the success of the Society as well as to recruit capable new directors. This year, we said goodbye to Natalie Elphicke after six years on the Board. Natalie served the Society with distinction as the Chair of the Board Risk Committee. We wish her well in her future endeavours.

The Board appointed experienced financial leader Claire Hafner to be a non-executive director in April. Claire is a qualified accountant with substantial experience in a wide range of sectors including finance, multimedia and telecoms. Her knowledge will be a real asset as we transform our core business of mortgages and savings. Claire also fully embraces the ethos of the mutual sector and is an exciting addition to the Board of Principality.

Governance

Our priority is to keep our Member’s money safe and we remain supportive of regulators as they raise standards across the industry. General Data Protection Regulation came into force in May. This will strengthen the data protection framework across the EU and provide consumers with greater control over their personal data. Protecting the personal data of our Members is a high priority for Principality, as is protecting our Members’ savings by investing in IT and security and I am pleased the procedures we have implemented were done successfully.



Pictured: Principality colleagues at the 2018 AGM

Thank you

We anticipate that competition in the mortgage market will continue to place downward pressure on margins and we need to see how the economy performs in light of the Brexit negotiations. However, our solid, resilient performance over many years means that we expect to continue to grow in a measured way and to invest in the long-term future of the Society for the benefit of all our Members.

Our Society would not be successful without our dedicated colleagues, the support of our agencies, intermediaries and commercial partners who have a tremendous rapport with their communities. We would not be successful without the support of you, our loyal Members. So on behalf of myself and the rest of the Board, I would like to thank all our staff and you, our Members, for choosing Principality Building Society.



Laurence Philip Adams
Chairman
5 February 2019

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Chief Executive's Review of the Year

Principality Building Society has delivered a robust performance in 2018 despite an increasingly challenging environment. We have continued to grow in our core markets of savings and mortgages whilst providing award-winning customer service to our Members. Our capital and liquidity remain strong and provide a firm platform for growth and investment in our business for the long-term. I am immensely proud of our performance and the delivery of my colleagues, our service to Members continues to be stand out and our Members tell us it sets us apart from the competition.

Performance

We have made pleasing progress in delivering on our growth strategy, despite a very competitive mortgage market and increasing economic and political uncertainty. Net retail mortgage lending has increased by £718.7m in the year (2017: £917.2m), and our total assets increased to £9.7bn (2017: £9.3bn). This is a great achievement and building profitable scale is important to enable us to deliver on our ambition to transform our business for current and future generations of Members, whilst continuing to deliver stand out personal service and ensuring a secure home for our Members' savings.

In order to support the growth in our lending, we attracted an additional £426.0m in savings, and have maintained our position as one of the best savings providers on the High Street. Savings rates remain low across the sector. We don't operate in isolation of the market and the rates we can offer to Members are impacted by the interest we earn on mortgages. Competition has forced mortgage rates to near historic lows with net interest margins being squeezed across the industry. With that in mind, in 2018 we have still delivered an average rate to savers of 1.08%, compared with a market average over the same period of 0.70%¹. Balancing the needs of savers whilst sustaining a profitable business and remaining competitive in the mortgage market is a constant focus for the Board and we will always seek to deliver in the long-term interest of our Members.

¹ Source: CACI's CSDB, weighted UK average interest rates for fixed and variable rate stock, January–October 2018 (latest data available).

Steve Hughes
Chief Executive Officer

Our profitability continues to be good and this is reflected in our reserves position of over £550m and strong capital ratios. We need to remain focussed on running the building society for the long-term and, as anticipated and previously communicated, this has resulted in underlying profits falling year on year from £53.4m to £43.8m in line with our expectation. This reflects the true trading performance of the business and has been driven primarily by:

- investing in the business to meet the changing needs of our Members and to ensure we are relevant for the future;
- higher interest payable as a consequence of securing long-term wholesale funding and continuing to pay better than average savings rates to our Members;
- the run-off of Nemo, our second charge loans business, as we redeploy capital into residential mortgage lending; and
- a release in impairment provisions in the prior year not being repeated as we have maintained a strong and prudent balance sheet position.

Statutory pre-tax profit was £40.7m (2017: £57.6m) and has been impacted by the above factors together with fair value movements in derivatives as set out on page 17.

As a mutual building society, our aim is not to maximise profit but to balance near term performance with the right decisions for the long-term future of our business. In an increasingly competitive market we need to ensure we are an efficient organisation and control costs effectively.

We have once again differentiated ourselves in the market by providing outstanding customer service, receiving external recognition of our fantastic service for both mortgages and savings. I am proud that consumer champion Which? named us as a top scoring mortgage lender for customer satisfaction. Also getting the recognition as Moneyfacts best ISA provider is great testament to the work we do, not just with our Members but also the service we provide for our intermediary partners.

Our Commercial team has once again performed well, delivering a profit of £13.1m (2017: £17.9m) and Nemo, our second charge loans business, has contributed a profit of £13.4m (2017: £17.1m). I am delighted that our Commercial business has generated £124.1m (2017: £143.8m) of new loans in the year and the Nemo book continues to perform well, the dividend contribution to Members is important.

I am especially delighted that the work we have done on the Principality Commercial side is benefitting communities where affordable housing is needed. We have played an instrumental role in the Mill at Canton project in Cardiff which I feel is an exemplar of how government, lenders, housing developers and housing associations can partner to have meaningful impact in our communities. It has meant more than 100 families will be in affordable rental homes on this wonderful new site by mid 2019 as well as creating a flourishing private market. Seeing such tangible investment in our communities and delivery of homes where they are needed makes me very proud.



Pictured: Commercial Development at Eco Site, Cardiff

Changes for the future

Despite our stand out customer service, we know we have to keep pace with evolving technology and our Members, both existing and future, will demand more of us. Behind the scenes we have been investing in our infrastructure to improve the flexibility of our services. It is a challenging but exciting period in Principality's history as we look to transform the business for our existing and next generation of savers and borrowers.

After significant investment we have rolled out our Principality Connected video conference service, which means the equivalent of face-to-face interviews can take place anywhere throughout our retail branch network. The feedback from customers has been very positive.

The technology we are set to introduce in the next few years will be used to complement our personal service which our Members and customers tell us makes us stand out. We will be able to offer people a service that suits their lifestyles, complementing the personal face-to-face branch service we offer Members, by giving them a choice of how they want to access their accounts, by phone, online, or via mobile devices.

We are in the process of modernising our branches having listened to feedback from our Members. Our commitment to the High Street remains strong and we have seen footfall and demand rise in some

areas, as other financial institutions have withdrawn their presence. This goes against the trend we are seeing across the rest of the UK and while our Members continue to use, value and recommend our branches, it will form the bedrock of our service offering.

Our people

We will continue to invest in our people, who embody everything positive we stand for as a mutual business. We have continued to provide career progression internally whilst our growing reputation has made us more attractive in the external job market, as we continue to retain and hire the best people to take our business forward. Our colleagues live and work in the communities they serve and have developed a strong connection with them. We strive to be an inclusive business with colleagues who are passionate about doing the right thing for Members.

The inclusive culture we have created led to us being named as one of the top largest employers in the UK by Great Place to Work® and our colleague engagement continues to be excellent. It is testimony to the level of trust amongst our colleagues and the effort they put in to make sure Members get the best possible customer experience. In fact our net promoter score has improved on last year increasing from 74.8% to 78.6% of Members saying they would recommend us to their family or friends based on their level of satisfaction with Principality.



Pictured: Cwmbran branch colleagues during Talk Money Week 2018, helping out at Saint Patrick's Primary School

Communities

As well as looking after the best interests of our Members, Principality will continue to do the right thing by the communities we serve. I am immensely proud of the efforts we have made to provide financial education to school children across Wales, with more than 5,000 benefitting from our Business in the Community (BITC) Business Class Partnership, and our participation in Let's Talk Money Week, run by the Money Advice Service. It is vital that we equip future generations with the knowledge and confidence to be able to make informed financial decisions. Our work in this important area has been recognised with an award by BITC for education and we have ambitious plans to roll out a financial education qualification across Wales. This is currently being piloted with seven schools and 1,400 pupils in Carmarthenshire and will make a real difference to young people's lives.

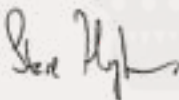
This year marks the end of our three-year partnership with our charities School of Hard Knocks, Cancer Research Wales and homelessness charity Llamau. Our work with these magnificent charities encapsulates for me what it means to be a mutual organisation, supporting communities and helping Members to prosper in all aspects of their lives. Colleagues have done a wonderful job in helping to raise £504,000 for the charities since 2016. We wish all of our charity partners the best of luck and hope their work helping people in our communities goes from strength to strength.

I am looking forward to working with our new charity partners Alzheimer's Society Cymru and Teenage Cancer Trust Cymru during the next three years. Two poignant and worthwhile causes I know our colleagues will get fully behind.

Outlook

Looking ahead there will continue to be significant political and economic uncertainty, whilst we expect price competition in the mortgage market to remain fierce and for our margins to be squeezed further. Our profitability will continue to be robust but will be progressively lower in the next few years as we reshape and invest in our business for the long-term. We will continue our single minded focus on transforming our core mortgage and savings business. Our Society has resilience through its strong capital and liquidity base to deal with any headwinds that

might emerge and ensure we protect our Members' interests. Our performance in recent years in terms of growth and profitability has built a solid foundation to allow us to invest for the future. We will seek to grow our business in a safe and sustainable way for our Members and to make sure we are in a strong position for future generations.



Stephen Hughes
Chief Executive Officer
5 February 2019

Supporting our Members and communities

Principality hits half a million in fundraising efforts for three Welsh charities.

As a Society we pride ourselves on the great work of our colleagues in the communities we serve. The focus of our community activity remains on the three key pillars of financial education, helping people get and stay in a home for longer and health and wellbeing. This activity also reflects our values, particularly “doing the right thing” and “delivering with passion”.

Our colleagues have raised money for the Society’s three charity partners. These are Llamau, a leading homelessness charity in Wales; Cancer Research Wales, supporting research into prevention and early diagnosis of cancer; and School of Hard Knocks, which uses sport to help disadvantaged communities.



Our three-year partnership with these brilliant charities ended at the close of 2018, with £504,000 raised, which includes match-funding by the Society, split evenly between each charity.

Major highlights include:

CANCER RESEARCH WALES
YMCHWIL CANCER CYMRU



The £168,000 we have raised for Cancer Research Wales contributed almost 10% towards major research grants for fighting cancer including:

- Bangor University: Helping to better understand the symptoms of prostate cancer and ensure effective diagnosis amongst men.
- Cardiff University: Investigating a novel therapeutic approach to prevent tumour plasticity in breast cancer, helping to stop cancer stem cells spreading.



Llamau

Support for Llamau:

- 690 people supported through Learning for Life centres across Wales since 2016.
- 1,300 qualifications achieved since 2016.

SOHK
SCHOOL OF HARD KNOCKS

Support for School of Hard Knocks (SOHK):

- SOHK established their Welsh presence by forming a bigger team.
- 300 risk of referral pupils have stayed in school since 2016.
- 120 unemployed adults supported.

Other community donation highlights include:

- 89 community projects supported in 2018, investing £76,000.
- Over 1,700 hours volunteered.



Financial education

Since 2017 we have invested over £62,000 in sponsoring students from ten schools across Wales to complete financial education qualifications with the London Institute of Banking & Finance (LIBF). In addition, we have partnered with Business in the Community Cymru through their Business Class programme.

Business Class is run by Business in the Community and Careers Wales on behalf of the Welsh Government, and brings together secondary schools and businesses across Wales. Highlights include:

10,000 students helped through Business Class since 2016.

More than **1,700** were helped as part of Talk Money Week 2018; with Principality staff taking part in literacy and numeracy workshops.

More than **250** pupils gained a GCSE equivalent in money skills in 2018 with a further 1,200 studying towards LIBF qualifications.

Bro Myrddin in Carmarthen has become the first **Young Money Centre of Excellence** in Wales, representing an entire school approach to financial education.



Pictured: Branch colleague attending Talk Money Week 2018, at Brynsierfel Primary School in Llanelli

Sponsorship

Principality's wider sponsorships continued to add value to the health and wellbeing within our communities.

Highlights include:

- Our partnership with the Welsh Rugby Union remains strong, with the Society's sponsorship of the Stadium benefitting Members through its Member Rewards scheme.
- Only Boys Aloud help over 200 boys each year with community choirs across Wales.
- Principality National Youth Leagues helping to raise the profile of the game within local communities.
- Sponsorship of Principality Premiership for a 14th consecutive season helping to grow grassroots rugby in Wales.
- 39 consecutive years of sponsorship of the Eisteddfod event which celebrates Welsh culture.
- More than 25 years sponsoring the Royal Welsh Show.



Pictured: Dylan the dragon at Cardiff Bay, Eisteddfod



Pictured: Kit Drop at Cantonian High School with Wales' Gareth Anscombe



Pictured: Newport branch charity day

Members

We pride ourselves on listening to our Members so colleagues can understand how to meet their needs and expectations. Members tell us that they value the friendliness and helpfulness of our colleagues.

We engage with Members in a number of ways:

- Principality's senior leadership team holds regular Talkback events all over Wales and the Borders.
- At the Annual General Meeting, Members have the opportunity to vote and put questions to the Board.
- Through a Customer Research Panel consisting of Members and customers.

We also have a Member Forum, made up of volunteer Members who act as a collective voice for all Principality Members. The Forum meets on a quarterly basis to share their views and to tell us what they think of our products and initiatives, and to help us make the right decisions for all our Members. The Forum has had significant and valuable input into the continuing strategy of the Society, and any interested Member may apply to join.



Pictured: Nigel Annett, Non-Executive Director meeting pupils from a partner school at the 2018 AGM



Pictured: Ysgol Y Strade pupils in their new Principality sponsored football kits



Pictured: Steve Hughes, Swansea Member Talkback

Summary Financial Statement for the year ended December 2018

This Summary Financial Statement is a summary of information in the audited Annual Accounts, the Directors' Report and Annual Business Statement, all of which will be available to Members and depositors free of charge on demand at every office of Principality Building Society and on the internet at www.principality.co.uk from 29 March 2019.

Summary Directors' Report

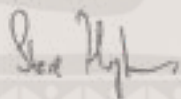
The Summary Directors' Report comprises the 2018 highlights on page 2, Chairman's Review of the Year on pages 4 to 7 and the Chief Executive's Review of the Year on pages 8 to 11.

Approved by the Board of Directors on 5 February 2019 and signed on its behalf by:

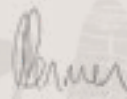
Laurence Philip Adams
Chairman



Stephen Hughes
Chief Executive Officer



Tom Denman
Chief Financial Officer



Summary consolidated income statement

	2018 £m	2017 £m
Net interest income	119.6	125.9
Other income and charges	3.2	11.8
Operating expenses	(81.5)	(89.6)
Impairment provisions	(0.6)	10.0
Provisions for other liabilities and charges	-	(0.5)
Profit for the year before taxation	40.7	57.6
Taxation	(7.8)	(14.1)
Profit for the year	32.9	43.5

Reconciliation of statutory profit to underlying profit

	2018 £m	2017 £m
Statutory profit before taxation	40.7	57.6
Adjusted for:		
Losses/(gains) from derivatives and hedge accounting	2.4	(4.3)
FSCS levies	-	0.1
Additional pension charge for GMP equalisation	0.7	-
Underlying profit	43.8	53.4

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.

Summary consolidated balance sheet

	2018 £m	2017 £m
Assets:		
Liquid assets	1,112.5	1,320.0
Loans and advances to customers	8,498.7	7,864.1
Fixed and other assets	76.2	78.5
Total assets	9,687.4	9,262.6
Liabilities:		
Shares	6,989.8	6,563.8
Borrowings	2,019.4	2,035.9
Other liabilities	60.0	67.1
Retirement benefit obligations	3.9	8.9
Subscribed capital	63.6	66.5
Reserves	550.7	520.4
Total equity and liabilities	9,687.4	9,262.6

Summary of key financial ratios

At 31 December:	2018 %	2017 %
Common Equity Tier 1 capital ratio 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.	27.06	26.14
Liquid assets as a percentage of shares and borrowings This ratio measures our ability to meet requests for savings withdrawals, to make new mortgage loans to borrowers and to fund general business activities.	12.35	15.36
Profit for the year as a percentage of mean total assets This ratio measures the profit made in the year relative to the average amount of assets held.	0.35	0.50
Management expenses as a percentage of mean total assets Management expenses are the costs of running the Society. This ratio measures how efficient we are being, with a lower number indicating greater efficiency.	0.86	1.02
Gross Capital as a percentage of shares and borrowings This ratio measures how much capital we have to protect our Members and other creditors against unforeseen eventualities.	6.82	6.82

Independent Auditors' Statement to the Members and Depositors of Principality Building Society on the Summary Financial Statement for the year ended 31 December 2018

We have examined the Summary Financial Statement for the year ended 31 December 2018, which comprises the summary Income Statement and Balance Sheet together with the summary Directors' 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.

Respective responsibilities of directors and auditors

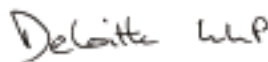
The directors are responsible for preparing the Summary Financial Statement, in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement with the full financial statements, Annual Business Statement and Directors' Report and its conformity with the relevant requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

We conducted our work in accordance with Bulletin 2008/3 "The auditor's statement on the summary financial statement in the United Kingdom" issued by the Auditing Practices Board. Our report on the Group and Society's full financial statements describes the basis of our audit opinion on those financial statements.

Opinion

In our opinion, the summary financial statement is consistent with the full financial statements, the Annual Business Statement and Directors' Report of Principality Building Society for the year ended 31 December 2018 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.



Deloitte LLP
Statutory Auditor
 Cardiff, United Kingdom
 5 February 2019

Report of the Remuneration Committee for the year ended 31 December 2018

I am pleased to present the Remuneration Committee report including detail of the Executive and Non-Executive Directors pay for 2018. Our role as a committee is to ensure that all of our remuneration policies align with the Board-approved strategy to ensure that the business is run safely and successfully for our Members.

I look forward to meeting many of you at the Annual General Meeting, and to taking your comments and answering your questions about this report and the work of the Remuneration Committee. As usual, we will be holding an advisory vote on our remuneration policy and I hope that you will support this.



Sally Jones-Evans
Chair of the Remuneration Committee
5 February 2019

Performance in 2018 and its impact on variable pay

The Society's performance has been good despite a challenging external environment.

Assets and new lending have grown successfully, profitability is good despite competitive market conditions, customer and Member feedback is very positive, and important steps have been taken to invest in the Society over the coming years.

Details of our two variable pay schemes, the Rewarding Excellence Award (a single scheme for all staff) and the Long Term Incentive Plan (for Executive Directors and a small number of senior members of staff), as shown on page 22. As the long-term strength and safety of the Society are paramount to our strategy, initial risk 'gateways' are set for our capital and liquidity position for both schemes, and these have been met in 2018. Performance against the customer service measures on both schemes have been achieved, reaching the stretch

performance level. Given the competitive market conditions the financial measure of profit before tax was slightly below the target for the purposes of the Rewarding Excellence Award. I am pleased to confirm awards have been made under both schemes. Our hard working staff have received an award of 8.8% of their salary to thank them for their considerable contribution to this success. The awards made to Executive Directors under both schemes are shown in the tables on page 24.

Our Remuneration Policy

Our Remuneration Policy is designed to ensure that the business is run safely and successfully for our Members. This ensures that consideration is given to clarity, simplicity, risk, predictability, proportionality and the alignment to culture when dealing with all aspects of remuneration. As a consequence of this consideration the Remuneration Committee has agreed to change the variable pay scheme for Executives and further details can be found on pages 27 to 28.

The Remuneration Policy aims to:

Attract, motivate, reward and retain high quality people who can ensure that Principality continues to deliver value to Members and to be profitable in a competitive, and often uncertain, marketplace by positioning basic salaries and benefits, both in terms of total amount and structure (i.e. the balance of fixed and variable pay), at around market levels for similar roles within the UK mutual building society sector, as well as more broadly where this is appropriate.

Promote the right behaviours that align with the Society's position on risk, as well as its culture as a Member owned mutual Building Society.

Encourage sound conduct and risk management practices by setting capital and liquidity hurdles that must be met before any variable pay award can be made, and by ensuring our Long Term Incentive Plan (LTIP) scheme for senior executives rewards consistent performance over multiple years.

Share the success of the Society in line with Members' interests by offering Directors and colleagues (except our leaders of Risk, Audit and Conduct) the chance to share in a variable pay award of up to 12% of salary based on the achievement of stretching targets based on customer service and financial performance, and for some senior executives, an additional long term incentive scheme of up to 28% based on performance over three years.

During the year the Committee continued to use PwC to provide independent advice on executive remuneration.

How this policy is applied to Executive Directors

The table below provides a summary of the different elements of remuneration for Executive Directors for 2018:

Component	Purpose	Operation	Opportunity
Base salary	To attract and retain executives of sufficient calibre through the payment of competitive rates.	Reviewed annually (or more frequently if required).	Set at a level considered appropriate, taking into account: <ul style="list-style-type: none"> - Role and experience; - Personal performance; - Benchmarking comparisons; - Salary increases awarded across the Society.
Benefits	Part of being a responsible employer and to assist in the performance of the job.	Benefits include a car allowance, private medical care for Executive Directors and their family, critical illness insurance and life insurance.	Set at a level considered appropriate by the Committee.
Pension or Pension Allowance	To provide for longer-term savings to fund retirement.	Executive Directors may join the Society's pension plan or be provided with an equivalent cash allowance.	Pension contribution of 15% of base salary or paid as a cash allowance.
Rewarding Excellence Award	To share the benefits of teamwork, financial discipline and customer service with all staff.	Annual targets based on risk gateways, group profit before tax and customer service measures.	Maximum annual payment is 12% of base salary.
Long Term Incentive Plan	To align selected senior executives to the Society's longer-term goals and objectives.	Targets set over three years based on risk gateways, Return on Assets and Net Promoter Score. Transitional arrangements apply for the 2016 and 2017 LTIP.	Maximum annual payment is 28% of salary. Personal performance is taken into account.

Note: The Chief Risk Officer, Chief Internal Auditor and Chief Compliance and Conduct Officer do not participate in any variable pay scheme

Gender Pay Gap & Women in Finance Charter

The Board is clear that diversity helps to improve the quality of decision making and therefore, improving diversity at all levels remains a priority for the Society. A five year Diversity and Inclusion strategy was agreed by the executive team and the Board in 2016. Our focus for the first two years of the plan has been to embed diversity and inclusion throughout the organisation and Employee Value Proposition; educating colleagues and promoting the benefits of having a workforce that reflects the communities we serve. This enhances our service to our customers by creating a culture that enables all colleagues to reach their full potential.

Principality signed up to the Women in Finance Charter in July 2016, setting ourselves a target of having at least 33% of women in our senior leadership team by 2021. Positive steps towards this target continue to be made with 28% of this population now made up of female colleagues, compared to 23% last year.

The Society's mean gender pay gap has reduced since last year. It is encouraging to see the Diversity and Inclusion strategy having a positive impact, and we will continue to embed and develop this throughout the Society.

Principality's gender pay gap comparison:

	2018		2017	
	Mean %	Median %	Mean %	Median %
Hourly pay gap	29.23	27.16	31.33	31.52
Bonus pay gap	37.76	33.26	38.03	32.24

Principality's bonus payment gender split:

	2018		2017	
	Men %	Women %	Men %	Women %
Proportion receiving bonus payment	93.00	95.24	93.16	93.70

Annual Report on Remuneration

The business complies where appropriate with the Corporate Governance Code and aims to make the remuneration policy as transparent, clear and simple as possible. The design of remuneration considers appropriateness for a Member owned organisation and alignment to our culture, whilst the quantum is carefully designed to be proportionate to the challenges and to encourage the right behaviours and discourage excessive risk taking. We therefore set out in this section the following information.

1. What the Executive Directors earned for 2018's performance compared with 2017
2. What the Chairman and the Non-Executive Directors were paid in 2018 compared with 2017
3. What the Executive Directors can earn for 2019

What the Executive Directors earned for 2018's performance

The following table shows a single total figure of remuneration for the 2018 financial year for each of the Executive Directors and compares this figure to the prior year. In February 2018, the Remuneration Committee decided that the base salary of all Executive Directors should increase by 2%. This was equal to the average pay increase awarded to all other colleagues.

Annual Variable Pay is the total of both the Rewarding Excellence Award and the Long Term Incentive Plan. The normal performance period of the LTIP is three years and the 2016 LTIP operated for the performance period 1 January 2016 to 31 December 2018.

	Year	Salary & fees ¹	Benefits ²	Pensions ³	Annual variable pay	Total
Individual		£'000	£'000	£'000	£'000	£'000
Chief Executive Officer Steve Hughes	2018	316	15	47	116	494
	2017	300	14	45	114	473
Chief Financial Officer Tom Denman (from 10/08/2017)	2018	193	12	29	71	305
	2017	75	4	11	27	117
Chief Risk Officer R Michael Jones	2018	249	13	37	n/a	299
	2017	244	12	37	n/a	293
Chief Customer Officer Julie-Ann Haines	2018	224	12	34	83	353
	2017	215	12	32	82	341
Former Chief Executive Graeme Yorston (to 03/03/2017)	2018	-	-	-	38	38
	2017	235	15	35	62	347

1. The review date for salary is 1 February 2019.
2. Benefits comprise a car allowance, life assurance, critical illness insurance and private medical insurance.
3. A cash allowance of equal value (15% of salary) may be taken in lieu of pension.
4. Awards under the variable pay schemes are non-pensionable.
5. The Chief Risk Officer, Chief Internal Auditor and Chief Compliance and Conduct Officer do not participate in the variable pay scheme.
6. Under terms of his departure agreement, Graeme Yorston is entitled to receive awards under the 2016 LTIP which will be pro rated by reference to service. For 2018 the award will be £38k, which will be paid in February 2019. He is also entitled to receive a further award in 2020 under the LTIP, calculated pro rata based on the Remuneration Committee award for those years.

How the annual variable pay for 2018 was calculated

The 2018 annual variable pay awards for Executive Directors for each of the two schemes were calculated by reference to performance against challenging targets set by the Board for financial and customer measures. Performance in the year was demonstrated in the outcomes set out in the table below:

Rewarding Excellence Award 2018

Variable Pay Scheme Target	Proportion of variable pay	Actual 2018 Performance	Threshold	Target	Stretch	Award %
Profit before tax*	50%	£43.8m	£37.6m	£44.2m	£50.8m	2.8%
Customer Service Net Promoter Score	50%	78.6%	72%	75%	77% or above	6%
Total Award						8.8%

* Profit measure adjusted for items which are non-trading or performance related.

Long Term Incentive Plan 2018

Variable Pay Scheme Target	Proportion of variable pay	Actual 2018 Performance	Threshold	Target	Stretch	Award %
Return on Assets	50%	0.41%	0.33%	0.35%	0.37%	14.0%
Net Promoter Score	50%	Top 8%ile	Below 60%ile	Top 25%ile	Top 15%ile	14.0%
Total Award						28.0%

The Chairman and Non-Executive Directors' fees for 2018

Non-Executive Directors are paid a basic fee for participation on the Society Board and additional fees payable for providing services on Board Committees and/or for their membership of subsidiary company Boards. The fees paid to the Non-Executive Directors are set at a level which allows the Society to attract and retain the required calibre of independent directors.

Fees paid to the Chairman and the Non-Executive Directors were as follows:

Non-Executive Directors	Fee	
	2018 £'000	2017 £'000
Laurence Philip Adams	117	114
Nigel Annett CBE (Chair of Customer, Conduct and Transformation Committee)	62	60
Derek Howell (Chair of Audit Committee and Senior Independent Director)	70	70
Sally Jones-Evans (Chair of Remuneration Committee)	62	58
David Rigney (Chair of Board Risk Committee)	62	63
Claire Hafner ¹	39	-
Natalie Elphicke OBE ²	31	52
Total	443	417

1. Claire Hafner joined the Board on 1 April 2018.

2. Natalie Elphicke stepped down from the Board on 20 July 2018.

What the Executive Directors can earn for 2019

Base salary

The Committee reviews the Executive Directors' base salaries on 1 February of each financial year, taking into account factors such as individual and corporate performance, an assessment of market conditions, and the salary increases applicable to other colleagues. For 2019, they have been awarded a 2% increase, the same as to all other colleagues.

Following this review, the Executive Directors' 2019 salaries are:

- Steve Hughes £322,524
- R Michael Jones £253,939
- Tom Denman £197,676
- Julie-Ann Haines £228,888

Benefits

No changes have been made to the benefits in kind provided to the Executive Directors, namely a car allowance, life assurance, critical illness insurance and private medical insurance.

Pension

The Business pays its Executive Directors a pension contribution of 15% of salary, which may be taken as a cash allowance. The provision remains unchanged.

Annual variable pay

The all-colleague annual incentive plan, the Rewarding Excellence Award, will continue to operate from 1 January 2019. A summary is set out below:

Performance period	1 January 2019 to 31 December 2019
Participants	All employees of Principality, except Chief Risk Officer, the Chief Internal Auditor and the Chief Compliance and Conduct Officer.
Administrator	Remuneration Committee
Initial gateway condition	Capital and liquidity conditions and the absence of any material regulatory breaches.
Performance measures	Group Profit before Tax – 50% of bonus award percentage (max 6%) Customer Net Promoter Score – 50% of bonus award percentage (max 6%)
Potential payments	Nil for threshold performance 6% of salary for meeting challenging target performance 12% of salary for attaining highly stretching targets
Payment date	Subject to Audit and Remuneration Committee approval, in February 2020. There will be no partial deferral of payment.
Clawback (demanding repayment)	The Remuneration Committee can apply clawback to an award to an Executive Director and other senior executives if it is discovered that the award should not have been paid, in the event of a material misstatement of the group’s annual results or in the event of a serious regulatory breach.

Leading Excellence Award

The Remuneration Committee have undertaken a full review of the Long Term Incentive Plan that launched in 2016 to address some of its challenges, including the difficulties of setting meaningful targets for a three year period amongst so much economic uncertainty. The Remuneration Committee also wanted to take the opportunity for the scheme to be more inclusive, reflecting the effort required by many senior managers to deliver the transformation programme over the next few years. As a result, there will be two levels of participation for senior leaders and Executive Directors, as shown in the table overleaf.

The Leading Excellence Award will replace the Long Term Incentive Plan from January 2019. The Leading Excellence Award is an annual variable pay award with deferral, which has been designed to make setting meaningful targets more effective, enabling the Society to reward, attract and retain our most senior leaders.

A summary is set out below:

Performance period	1 January 2019 to 31 December 2019
Participants	Executives and Senior Leaders, except leaders of control functions.
Administrator	Remuneration Committee
Initial gateway condition	Capital and liquidity conditions and the absence of any material regulatory breaches.
Performance measures	Return on Assets – 25% Customer Service Net Promoter Score (GFK) – 25% Colleague Engagement – 25% Individual Personal Performance – 25%
Potential payments	<p><u>Executives</u></p> <p>Nil for threshold performance 19% of salary for meeting challenging target performance 38% of salary for attaining highly stretching targets</p> <p><u>Senior Leaders</u></p> <p>Nil for threshold performance 9% of salary for meeting challenging performance targets 18% of salary for attaining highly stretching targets</p>
Payment date	<p>Subject to Audit and Remuneration Committee approval, 60% of the award will be paid to eligible participants in February 2020.</p> <p>Following this, Executives will receive a deferred payment of 20% in February 2021 and a final deferred payment of 20% in February 2022.</p> <p>Senior Leaders will receive a final deferred payment of 40% in February 2021.</p>
Clawback (demanding repayment)	The Remuneration Committee can apply clawback to an award to an Executive or Senior Leader if it is discovered that the award should not have been paid, in the event of a material misstatement of the group's annual results or in the event of a serious regulatory breach.

The Committee will have absolute discretion to adjust the awards under both schemes if necessary including withholding vested awards under “malus” arrangements or recovering monies paid under clawback.

No variable pay awards at the Society are pensionable.

Directors' service contracts

The Chief Executive has a service contract that can be terminated by either party on one year's notice or by a payment by the Society of an amount equivalent to one year's remuneration. The other Executives have service contracts that can be terminated by the Society on one year's notice or by the payment by the Society of an amount equivalent to one year's remuneration, and by the Executive giving six months' notice.

Approval

This report is approved by the Remuneration Committee and signed on its behalf by:



Sally Jones-Evans
Chair of the Remuneration Committee
5 February 2019

Building your future today and tomorrow

Over the next few pages we've included short biographies of each of your Executive and Non-Executive Directors seeking election and re-election to give you comfort that Principality is in good hands, and to help you fill out your Proxy Voting Form.

What is the difference between Executive and Non-Executive Directors?

An Executive Director is an employee of the Society and a member of the Board. He or she will have a specific role such as Chief Financial Officer and will be responsible for the day to day running of the Society.

A Non-Executive Director is a member of the Board who is not an employee but is appointed for his or her expertise. He or she will take part in decision making at Board meetings.

Both Executive and Non-Executive Directors have a key role to play in ensuring that our Members' interests are properly protected at all times.

Why do we need Non-Executive Directors?

Non-Executive Directors provide objective criticism and challenge the Executive Directors. They are usually chosen because they bring extra diversity, experience and other qualities to the Board.

What do Non-Executive Directors do?

They focus on Board matters and give an independent view of the Society. They may also have specialist knowledge that gives the Board valuable insights – or perhaps key contacts in related areas. They need to stay objective, as they can play a valuable role in monitoring management.

What experience do they bring to Principality?

Our Non-Executive Directors are all experts in their respective fields and understand areas such as audit, finance and marketing. They bring independence, impartiality, wide experience and specialist knowledge to the Board.

Visit www.principality.co.uk/board To watch short videos from some of your Non-Executive Directors, explaining their responsibilities as chair for each of the Board Committees they lead.



Laurence Philip Adams MA

Chairman,
Non-Executive Director
Age: 62

I was appointed a Non-Executive Director of the Society in August 2013 and was elected Chairman in April 2014.

I am also a member of the Remuneration Committee and Chairman of the Governance and Nominations Committee.

I have more than 25 years' experience in the banking industry. Previously I have been involved as a Non-Executive Director helping to rescue the troubled Northern Rock PLC in 2007 where I headed the Risk Committee.

I am a qualified solicitor and previously served as Managing Director and Global Head of Legal and Compliance for the investment banking wholesale division of ABN Amro Bank and had a similar role for Citibank. I am a Non-Executive Director of Exane Limited and London Clearing House Limited, part of the London Stock Exchange.

I joined the Board of Principality as a Non-Executive Director in October 2013.

I now serve as Chairman of the Board’s Customer, Conduct and Transformation Committee. In addition, I also serve as a member of the Board Risk, Governance and Nominations and Remuneration Committees.

I used to work in investment banking, but after 10 years joined the Board of Welsh Water, initially as Planning Director. I was one of the founding Directors of Glas Cymru, the not-for-profit company that took over the ownership of Welsh Water in 2001, and I was Managing Director of Welsh Water until 2014.

In addition to serving on the Board of Principality I am also a Board member of the Canal and River Trust and a Trustee of the Community Foundation in Wales.



Nigel Charles Annett
CBE, MSc, MA [Hons], DSc Econ
 Non-Executive Director
 Age: 60



Claire Hafner
ACA, MA
 Non-Executive Director
 Age: 59

I was appointed to the Society’s Board as a Non-Executive Director in April 2018.

I also serve as a member of the Audit, Remuneration and Governance and Nominations Committees.

I am a qualified accountant (ACA) and I have an MA in Languages and Economics. I trained and qualified at Ernst and Young in the audit department of the Financial Services 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 Financial Services and Payments, Professional Services, Multimedia and Telecoms). I have previously served a term of six years as a Non-Executive Director of the West Bromwich Building Society.

I was appointed a Director of the Society in April 2014 and have subsequently been appointed to the role of Senior Independent Director.

I also serve as Chair of the Audit Committee and as a member of the Board Risk and Governance and Nominations Committees. In addition, I also serve as the Board appointed Whistleblowing Champion.

I hold a degree in mathematics and qualified as a Chartered Accountant with Price Waterhouse – subsequently Pricewaterhouse Coopers (PwC). During my time with that firm I worked originally in the audit team and eventually specialised in corporate recovery and insolvency work, becoming a Partner in 1988. I retired from the PwC partnership in April 2013 and have been engaged on a part-time basis since as a consultant, working on the Lehman insolvency.

I am also Treasurer of St John Cymru Wales and a trustee of both the National Botanic Garden of Wales and Artes Mundi.



Derek Anthony Howell
BSc [Hons], FCA
 Senior Independent Director,
 Non-Executive Director
 Age: 64



Sally Jones-Evans

FCIB, MBA, MSC

Non-Executive Director

Age: 52

I was appointed to the Society's Board in February 2015.

Since joining the Board I have become Chair of the Remuneration Committee. I also serve as a member of the Audit, Governance and Nominations and Customer, Conduct and Transformation Committees.

I spent 30 years in retail banking and general insurance.

I also sit on the Board of the Tearfund Charity and Hafren Dyfrdwy Limited (a subsidiary of Severn Trent plc) together with the Board of the Department for International Development.

I was appointed to the Society's Board in March 2015.

Along with my Board responsibilities I serve as Chair of the Board Risk Committee and as a member of the Audit, Governance and Nominations and Customer, Conduct and Transformation Committees.

I am a Chartered Management Accountant and during my career I have performed a broad range of roles across multiple sectors including a Board Director at Nationwide Building Society.

I am also a member of the LINK Board, Non-Executive Director and Senior Independent Director of Elexon Limited.



David James Rigney

ACMA, MBA, MA

Non-Executive Director

Age: 55



Tom Denman

BSc Econ (Hons) ACA

Chief Financial Officer (CFO)

Age: 44

I was appointed CFO on 1 June 2017 and joined the Board in August 2017.

I have worked for the Society for nine years after joining in February 2009. Initially I held a senior finance role in the subsidiary businesses and later for the Society covering business partnering, planning and strategy. I was appointed Deputy Finance Director in March 2016. I chair the Society's Finance and Model Governance Committees and I am a member of the Executive Committee and the Executive Risk Committee.

I am a qualified Chartered Accountant and bring over 20 years' experience in finance to my role. Prior to joining the Society, I held a number of finance roles across a range of industries including commercial property, infrastructure and the legal profession along with 5 years with PwC in Cardiff and Sydney.



Robert Michael Jones
BA [Hons] MBA, ACIB

Chief Risk Officer (CRO)

Age: 60

I joined the Society's Board in February 2013.

Having worked for the Society since 1997, I was appointed Head of Group Risk in 2005 and promoted to the role of Director of Group Risk (now CRO) in 2009. I have attended full Board meetings since September 2009 and attend all meetings of the Audit and Board Risk Committees. I am a member of the Executive Committee and chair the Executive Risk Committee. I also attend meetings of the Model Governance Committee.

I have spent almost 40 years working in financial services, starting my career at Midland Bank and subsequently at HSBC, undertaking a number of managerial roles in both the retail and corporate banking divisions. I hold a degree in Economics, an MBA from Henley Management College, and I am an Associate Member of the Chartered Institute of Bankers.

I joined the Board in May 2016 and was appointed as the Society's Customer Director in 2012 (now Chief Customer Officer).

I attend all meetings of the Customer, Conduct and Transformation Committee and the Board Risk Committee and am a member of the Executive Committee and Executive Risk Committee.

Prior to Principality, I held a number of senior roles in sales, marketing and technology, working in leading customer-centric businesses including Sainsbury's, Reckitt Benckiser and HBOS.

I am the current Chair of UK Finance Cymru Mortgage Committee which represents mortgage lenders and promotes sustainable housing finance in Wales. I also sit on the End Youth Homelessness Steering group.



Julie-Ann Haines
MSC, BA [Hons]

Chief Customer Officer (CCO)

Age: 45

I was appointed CEO in March 2017.

I joined the Society as Group Deputy Finance Director in December 2011 and was appointed to the Society's Board in March 2013 as Group Finance Director with responsibility for Finance, IT and Business Change. I chair the Executive Committee and I am a member of the Executive Risk Committee. I also attend all meetings of the Audit, Customer, Conduct and Transformation, Remuneration and Board Risk Committees.

I am a qualified Management Accountant and bring over 25 years' experience in finance from a range of industries including manufacturing, retail and insurance. Prior to joining the Society, I performed the role of Finance Director of the Lloyds Banking Group General Insurance business.

I am the Chairman of the Wales Advisory Board for Business in the Community (BITC) and the Deputy Chair of the Mortgages Product and Service Board of UK Finance.



Stephen Hughes
ACMA

Chief Executive Officer (CEO)

Age: 46

Notice of Annual General Meeting

Notice is hereby given that the one hundred and fifty ninth Annual General Meeting of the Members of Principality Building Society will be held at 11.00am on Friday 12 April 2019 in City Hall, Cathays Park, Cardiff, CF10 3ND for the following purposes:

1. To receive the Auditors' Report.
2. To receive the Annual Report and Accounts.
3. To re-appoint Deloitte LLP as auditors.
4. Election of Directors:
 - a) To re-elect Laurence Philip Adams
 - b) To re-elect Nigel Charles Annett
 - c) To re-elect Thomas Denman
 - d) To elect Claire Andree Hafner
 - e) To re-elect Julie-Ann Haines
 - f) To re-elect Derek Anthony Howell
 - g) To re-elect Stephen James Hughes
 - h) To re-elect Robert Michael Jones
 - i) To re-elect Sally Jones-Evans
 - j) To re-elect David Rigney
- 5) To approve the Report on Directors' Remuneration as set out in the Annual Accounts.

By Order of the Board.
Michael Borrill



Group Secretary
5 February 2019

Please read the notes opposite.

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 Chairman 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 vote for you at the Meeting but only on a poll. Your proxy may not speak on your behalf at the Meeting except to demand or join in demanding a poll.
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, 12 April 2019, if voting in person and 9 April 2019 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.
 - ii) have owed the Society not less than £100 in respect of a mortgage debt on 31 December 2018, 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.
7. Members attending the Meeting will be requested to produce their passbooks or other evidence of membership in order to obtain admission. If you are appointing a proxy, other than the Chairman of the Meeting, to attend the Meeting and vote on your behalf, please ensure that your proxy brings an appropriate form of identification to the Meeting.

Shareholding Members

- a. To qualify as a shareholding Member, you must:
 - i) if you are an individual, be at least 18 years old on 12 April 2019, (voting date), and
 - ii) have held shares* to the value of not less than £100 in the Society on 31 December 2018, and
 - iii) not have ceased to hold a share* or shares* in the Society at any time between 31 December 2018 and the voting date, and
 - iv) hold a share* or shares* in the Society on 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.

Borrowing Members

- a. To qualify as a borrowing Member, you must:
 - i) be at least 18 years old on 12 April 2019, (voting date), and

(* A reference to 'share' or 'shares' is a reference to a share savings account or share savings accounts with the Society.)

If you appoint a proxy to vote on your behalf and your proxy does not attend the Meeting, your vote will not be counted.

Copies of the Directors' Report, Annual Report and Accounts and Annual Business Statement may be obtained from any of the Society's branch offices from 29 March 2019.

Registration at the Annual General Meeting will commence from 10am at City Hall, Cathays Park, Cardiff, CF10 3ND.



CALL US

0330 333 4000*
(Open Mon–Fri 8am–8pm
Sat 9am–1pm)



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Building your future

* To help us maintain our service and security standards, telephone calls may be monitored and recorded.

Principality Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, reference number 155998. Principality Building Society, Principality Buildings, Queen Street, Cardiff, CF10 1UA. www.principality.co.uk