

## Our Chairman's statement

This is my last report as Chairman of NS&I, and I believe I'm leaving an organisation well placed for the future. This has been an exceptional year, in the truest sense of the word. We've seen events in the financial landscape leading to exceptional levels of business – as our customers looked for a safe home for their money.



### Open for business

Our systems and processes have been tested to the full and, as the rest of this report will show, they and our people have risen to the challenges and met all the increased demands. Drawing on our experience from the first 'flight to safety' in autumn 2007, we were able to ensure that service quality was not compromised through the surge in sales which followed the 'flight to safety' post-September 2008 and we were able to remain 'open for business' throughout.

That fact alone deserves acknowledgement, and it's a real testament to both our staff and to the team at Siemens, our delivery partner. The commitment and co-operation of all those involved is immense: 10 years in, our relationship with Siemens is now stronger than ever and we work in partnership to meet customer needs. The results speak for themselves.

### A platform for progress

The success of this Public Private Partnership is undoubtedly one of the defining memories I will take with me of my time here. Not only is it a success in business terms – helping NS&I become the efficient, streamlined organisation it is today – but it is also a critical enabler of our strategy.

Based on a dependable customer service operation, proven even under the extreme circumstances we have faced this year, we can be confident in continuing to develop the sales

channels available to our customers, build our online presence and develop our range of products: all part of **NS&I adding value**, our five-year strategy. This report shows how much we have achieved in each of these areas during the last year, as well as highlighting some key goals for 2009–10.

### Responding to the challenges

But as the report also explains, the story of this year (and of our business more widely) is more than delivery to our customers. The simple truth is that, like every other financial services business, we are operating in a very different financial landscape from before. As a direct result, we have reviewed with the Government their funding requirement and temporarily suspended our Value Add target (a measure of our cost-effectiveness in raising funds for the Government) to reflect the unprecedented low levels of interest rates and particular factors affecting the gilt market.

While one of our financial targets has changed, however, the underlying business strategy has not. We remain committed to our five-year strategy, to long-term, sustainable Value Add and to measuring our performance in terms of both customer satisfaction and the efficiency of our operations. The last year has shown that NS&I today is an organisation that excels in customer service and cost control and has the foundations and capability to deliver much more.

### A personal thank you

I am delighted to pass on the baton of Chairman to Martin Gray with the organisation in such good shape. Martin has been a Non-executive Director at NS&I for the last four years and so knows the business very well. On a personal level, I would like to thank all the Directors, staff and partners whose support and friendship have made my time here so enjoyable. It is their commitment and hard work that have played a major part in NS&I's impressive progress. I wish you all the very best in the future.

**Paul Spencer**  
Chairman  
NS&I