

Monmouthshire Building Society AGM 2023

List of Member Questions

1. Is the Society able to transfer ISA money electronically rather than sending cheques in the post?

This process is about to improve dramatically. We have now joined the PayUK platform that will allow us to send and receive funds electronically.

This brings Monmouthshire BS in line with many ISA providers. We are awaiting final confirmation from our 3rd party payment provider, that the relevant administration is complete.

We anticipate being operational by the end of the September.

2. What were the reasons for the community bank project closure and any unrecoverable costs?

The reasons for closure are noted in the answer for question 3. We don't consider the project costs to be unrecoverable as we've leveraged the evidence, data, knowledge and experience we gained through the programme to reshape our wider Society ways of working, strategy and plans.

3. The explanation given for the closure of the community bank program was due to interest rate rises and house prices falling, along with changes in the economy. Such changes are commonplace and would be expected by a robust risk management regime. What further explanation is there for the sudden shift in approach after 18 months of work on the project and what alternatives are the Board are considering to pursue growth and diversity across the whole geography of Wales?

Since we announced our intention to develop a community bank for Wales in December 2021, the UK's economic situation has changed significantly - interest rates are rising, house prices are falling and the cost-of-living crisis continues.

As a purpose-driven mutual building society, we prioritise our members and the communities they live in. This means we won't take any unnecessary risks or risk the trust you, our members, place in us.

Our community bank programme delivered an invaluable evidence-base for the Society's future systems, infrastructure and activities. We're using its findings to improve our current member experience and support any future community banking proposition.

Even though we've had to stop our plans because of external factors beyond our control, we are incredibly proud of what the Society has achieved - we've stepped up when others have stepped away and reinforced our position as an innovative, exciting and modern mutual.

Because of the unpredictability and ongoing challenges facing the UK economy, we decided to stop working on our plans to deliver a community bank. We believe, and still believe, this is

the right and responsible thing to do so we don't consider our work to date to be a failure. We made this decision in line with our robust risk management regime.

Due to interest rate rises, the cost of living crisis and house price decreases a lot of uncertainty had been created which had led to the difficult decision to stop the community bank programme. Many of the team had been emotionally invested with branches being opened over the past couple of years and plans to open more. Risk management was not just about fine tuning adjustments but also about tough strategic decisions of which that had been one. It was the right decision at the time and remained the right decision. The Society had been in existence for 154 years and could afford to take a long view to hopefully be around for another 154 years.

4. A suggestion had been received from a member in relation to the Whitchurch branch and making it look brighter and more open for business.

Thank you for the feedback. The Society presence in Whitchurch is via an Agency with Chris Whitehouse IFA. We take onboard your comments which we will share with the Agency Principal to understand opportunities for us in the area.

5. It is my understanding that the objectives of Building Societies is to lend and invest in housing properties.

A key role of Building Society's is to accept deposits from its members who are given interest on every pound that they save, and this money is then lent out as a mortgage. At the Monmouthshire we are proud of this heritage and the majority of our mortgages are funded in this way.

6. A member commented on their recent experience where they had been offered a telephone appointment to discuss the end of their fixed rate mortgage term and not a face to face appointment. They also sought assurance that such appointments were a secure means of discussing finances.

The Society fully understands the importance of offering mortgage advice to its members and works hard to try and ensure that service is delivered face to face as well as via the telephone. To be able to deliver face to face appointments the branch needs to ensure that they have a private meeting room available which is not possible in all locations.

To compliment the Society's face to face advice service, we also offer telephony advice services for our members to ensure access is available to all. We adhere to robust security measures to protect members information and ensure conversations with qualified mortgage advisors over the telephone are equally as confidential as those held in branch, with all the rules and regulations that members would expect to be adopted.

The feedback would be considered, and as services are reviewed in the future, the opportunity to broaden face to face appointments would be considered.

7. The Chief Executives of Banks and Building Societies were invited to the House of Commons to answer questions put to them by a parliamentary committee. What was the outcome of this meeting and why are there delays in passing interest rate increases onto savings members?

The CEOs of a number of the larger banks and building societies had been called before a Parliamentary Committee to discuss how they could support mortgage borrowers. The

outcome of that had been the Mortgage Charter, which the Society had signed up to. This had been a positive outcome for mortgage borrowers across the UK.

In relation to the Treasury Select Committee challenge that banks savings rates remain too low and that rates are not rising in line with the base rates, the question was posed to the 'Big Four' banks – Barclays, HSBC, Lloyds and NatWest, not to Building Society's.

Within the Society, savings rates are reviewed to ensure the interest of both the saving and mortgage members are considered. The Society need to balance savings rate increases with protecting the Society's borrowers.

The Society sought to reflect mutuality in relation to the rates of mortgage borrowers and savers. During the year significant rate increases had been passed onto savers which led to a high inflow of retail funds. The Society acts as swiftly as possible to ensure savers benefit from those interest rate increases but also manage the mutual interest to protect borrowers from steep interest increases.