



Monmouthshire
Building Society

Monmouthshire House, John Frost Square, Newport, South Wales, NP20 1PX.

Tel: 01633 844 444 www.monbs.com

www.twitter.com/monmouthshirebs www.facebook.com/monmouthshirebs

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intouch

2021

Keeping you up to date with your Society



Monmouthshire
Building Society

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Welcome

Dear Member,

Another year has passed for us all. As we continue to live through the pandemic, I do hope that our 2021 edition of In Touch finds you, your family, and friends, safe and well.

Due to the continuing Welsh Government restrictions, again this year, we will be unable to admit anyone to the Annual General Meeting on 25th August. We will hold the AGM with a minimum number of members to form a quorum under the Rules of the Society. I, along with the Board, am disappointed that we won't be able to see you face to face again this year, however the decision has been made with the health and wellbeing of members, colleagues and their families in mind.

However, I am delighted to invite you to a virtual event on Wednesday 18th August, where you will have the opportunity to ask questions to the Senior Leadership Team and the Board before casting your vote. More information on this virtual event is enclosed within your voting pack.

As always, you can vote at any branch or agency office, online through our Scrutineer's website, or you can complete and return the Proxy Voting Form in the reply-paid envelope. For every valid voting form, the Society receives (paper or online), we will donate 20p to Shelter Cymru, our charity partner.

Providing you with a great customer experience, every time you visit or speak to us is so important to everyone at the Society. We'd really appreciate you taking the time to complete our member questionnaire. Please see page 11 for more details.



Debra Lewis
Chair



What's been happening at your Society?

What a 12-months it has been here at the Society. Whilst we have all been impacted by the pandemic in different ways, the one constant has been the Society's commitment and support to colleagues and members.

It was important to ensure you, our member, received fantastic service and we achieved this through our branch network remaining open, whilst adhering to all restrictions and social distancing, alongside our Customer Service team being available at the end of a phone or email. For members who were unable to visit their local branch, the Society made over 1,000 telephone calls, providing a friendly voice and a listening ear.

As a mutual, the Society is passionate about helping members have a place to call home. Throughout the UK, 1.2 million consumers used the payment holiday support scheme offered by their lender. The Society was no different in its unwavering support to our mortgage members over the past 12 months.

You would have heard about the furlough scheme in the press since the beginning of the pandemic. The Society, like many other businesses across the UK, also took up the support available to ensure our colleagues remained with the Society. However, after a positive year (see page 22 for the years profit figures), the Society recently paid back all furlough support received, totalling £75,541. Debra Lewis, Chair said, 'it was the right and fair thing to do'.

NEW! Branching into Communities

We're delighted to introduce our members to the Society's brand-new Branching into Communities programme, designed to frame our established community and charitable work and introduce new initiatives that we're sure you'll be supporting over the next 12 months.

The Society has always prided itself on being close to, and supporting the communities we operate within. Branching into Communities will enhance what we already do, and provide additional support. The initiatives will focus on championing colleague and community wellbeing, support inclusion and diversity and create sustainable environments.



Branching into Communities

What can you expect to see as part of the programme?

NEW

Branch Sponsorship

Our Branch Sponsorship fund will enable a local level of support to grassroots community groups, in and around our branch network.



REFRESHED

Charitable Foundation

Our Charitable Foundation is being refreshed and boosted with a bigger fund, allowing the foundation to support more charities and community groups to make a difference in their communities. Keep an eye on our website and Facebook page for more details.



Monmouthshire Building Society
Charitable Foundation

NEW

Colleague in the Community

We're supporting colleagues to volunteer their time, skills and knowledge to charity and community groups. The Society recognises the benefits of volunteering, not just for the beneficiary but also for the volunteer. Through sharing skills, supporting others, and making a difference, we hope the volunteers feel an increased sense of wellbeing and personal satisfaction.

SUPPORTING

Financial Education

We are committed to supporting our young people to have a solid understanding of everyday financial matters. Our financial education programme will build on basic skills and develop the consumer and entrepreneurs of tomorrow.



Charitable Foundation Year in Review

This year the Charitable Foundation celebrates 21 years of supporting local community groups, charities, and good causes. Since its launch in 2000, the Foundation has contributed a massive £305,504.07 to 513 local charities and organisations.

The Foundation didn't let the pandemic slow it down and continued to support charities and organisations with a wide range of funding awards.

Here's some of the organisations the Foundation helped this year:

Llanfrechfa Grange Walled Garden

The Friends of Llanfrechfa Grange Walled Garden received £900 to fund a Japanese Lantern for their newly renovated Victorian walled garden on the site of the new Grange Hospital in Cwmbran. The garden will provide a tranquil and inspirational space for the local community and for patients and visitors using the hospital.



Newport Cricket Club



Newport Under 13 Girls received funding towards the purchase of new protective netting at Newport Cricket Club.

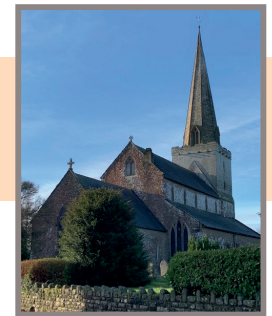


The team, currently unbeaten this season, received £500 towards the netting, aiding their training and practice sessions.

The Church of St Nicholas Bell Ringers



Bringing an age-old tradition into the modern era, the Bell Ringers at St Nicholas' Church in Trellech, Monmouthshire, applied for funding to buy an electronic bell simulator.



The group received £490 for the simulator which allows the bell ringers to practice in smaller groups, adhering to COVID regulations, and helps to train new bell ringers to ensure people remain connected to tradition and each other.

Community News

Throughout the pandemic, the Society's commitment to Shelter Cymru remained a priority for our colleagues and members, which was fantastic to see. As with many charities, Shelter Cymru needs the Society's support more than ever. The economic impact of the pandemic continues to be seen and means families all over Wales are struggling. While the demand for Shelter Cymru's services has increased, their funding has decreased as their usual fundraising events have been unable to take place.

The Society has committed to Shelter Cymru as a charity partner and is looking forward to working closely with them to support and prevent the many people using its services from entering into a housing crisis.



This is an incredible amount, given that usual fundraising events have not been able to take place and you'll be pleased to know it didn't stop our innovative colleagues from thinking of new ways to fundraise.

There have been so many brilliant fundraising initiatives completed over the last year, thank you to everyone who has got involved to support Shelter Cymru.

Over the last year the Society has, along with you, our members, raised an amazing...

£9,110
for Shelter Cymru.

What have colleagues been doing throughout the year?

Some of the amazing efforts include:

- A team of 24 colleagues from Distribution took part in a challenge to walk or run the equivalent distance from **John O'Groats to Land's End**. They went one better and completed the distance two and a half times, totalling 3,635km during the month of April. Over £240 was raised by these very energetic colleagues!
- **'Miles for March'** was launched by the Finance, Treasury and Business Intelligence teams, with the aim of completing 1,500 miles between them during the month by walking, running, swimming, or biking. The team smashed the target with 6 days to go! Well done everyone!



- Our brilliant branch and agency network did a whole host of activities over the **Easter** period, from creating gorgeous food hampers to colouring competitions. Over £750 was raised, so thank you to all our colleagues and members who took part.



MILES IN MARCH



- With more colleagues working at home over the last 12 months, some chose to **donate their commute** or their daily coffee. Another great idea!

This really is an incredible amount of money, and the Society would like to thank all our members and colleagues for getting involved. You have all made a difference and your continued support is truly appreciated.

Another Three Awards Won

The Society was over the moon to pick up another three awards during the year. It has been a challenging year for all, but winning these awards shows the Society is always doing its best for members.

This year we won:

- **First-Time Mortgage Buyers' Choice Award at the Moneyfacts Consumer Awards 2021**

We were also High Commended for:

- **Regional Lending Provider of the Year at the Moneyfacts Awards 2021**
- **Best Business Variable Rate Deposit Account Provider at the Business Moneyfacts Awards 2021**



A New Branch On The Move

Whilst many financial service providers are moving away from the High Street, the Society is proud to be opening more branches. In September, the Society took over the Leeds Building Society branch in the heart of Brecon, Mid-Wales, and it has been fantastic to welcome new colleagues and members to the MBS family.

The Society's commitment to ensuring our branches provide a great member experience mean that we will shortly be moving the branch in Brecon, but don't worry, it is just across the road! We look forward to welcoming you to the newly refurbished branch soon.



Customer feedback



For over 152 years, we have served our members and the communities in which they live as a mutual building society. Being a mutual building society means that we exist to serve our members, and your feedback helps the Society shape everything we do.

We'd love to find out a little more about your experiences through this year's member questionnaire that can be found in your pack. Alternatively, you can complete the questionnaire by visiting www.mymonbsvote.co.uk.

All questionnaires returned by 12 noon on Wednesday 25th August 2021 will be automatically entered into a prize draw to win a £250 gift card of your choice, as well as a £250 donation to a charity you have nominated.

Remember, your vote is important to us!

The Society operates to benefit you, our members, and we actively encourage you to take an interest in your Society. Please remember to vote for the proposed resolutions outlined in the Proxy Voting Form.

You can register your vote in many ways:

- You can vote online at www.mymonbsvote.co.uk,
- At any of our branch or agency offices,
- Alternatively, you can complete the Proxy Voting Form and return by freepost.

For every valid Proxy Voting Form received (paper or online), the Society will donate 20p to our charity partner, Shelter Cymru.

Would you like to ask a question?

As you will not be able to attend the AGM and ask a question in person, please refer to your invitation if you received it in the post, or alternatively email AGMQuestions@monbs.com

All questions must be submitted by midnight on Friday 20th August 2021.

Members must provide their name and address in order for us to confirm their eligibility to ask a question.

Notice of Annual General Meeting

Notice is given that the 152nd Annual General Meeting of the members of Monmouthshire Building Society will be held at Monmouthshire House, John Frost Square, Newport, NP20 1PX on Wednesday 25th August 2021 at 11.00am for the following purposes:

The Board considers that all resolutions are in the best interests of the Society and its members as a whole and recommends that you vote in favour of these resolutions.

Ordinary Resolutions

1. To receive the Annual Report & Accounts for the year ended 30th April 2021.
2. To consider and if thought fit, re-appoint BDO LLP as auditors until the conclusion of the next Annual General Meeting.
3. To consider and if thought fit, approve the Directors' Report on Remuneration for the year ended 30th April 2021.

Special Resolution

4. To consider and if thought fit, pass a Special Resolution to amend the Rules of the Society tabled at the AGM and initialled by the Chair for the purposes of identification, in substitution for, and to the exclusion of, all existing Rules of the Society.

Election of Director

5. To elect Marian Evans

Re-election of Directors

6. To consider and if thought fit, re-elect the following as directors:
 - a) To re-elect Trevor Barratt
 - b) To re-elect William Carroll
 - c) To re-elect Dawn Gunter
 - d) To re-elect Iwan Jones
 - e) To re-elect Debra Lewis
 - f) To re-elect Liz McKenzie
 - g) To re-elect Tony Morgan
 - h) To re-elect Roger Turner

By Order of the Board
Allison Currie
Company Secretary
12th July 2021

Notes

1. These Notes form part of the Notice of Meeting.
 2. Under the Society's Rules, a member entitled to attend the Meeting and vote may appoint one proxy to attend and vote on his or her behalf. You may appoint the Chair of the Meeting or anyone else as your proxy, and your proxy does not have to be a member of the Society. Your proxy may vote for you at the Meeting but only on a poll. A poll is a formal vote, which may take place after an initial vote by a show of hands. Your proxy may not speak at the Meeting except to demand or join in demanding a poll. **Please note that due to COVID-19 we will be unable to admit a proxy to the meeting. You will need to select the Chair as your proxy to vote on your behalf.**
 3. You may instruct your proxy how to vote at the Meeting. Please read the instructions on the proxy form. **Please note that due to COVID-19 we will be unable to admit a proxy to the meeting. You will need to select the Chair as your proxy to vote on your behalf.**
 4. The voting date is the date of the Meeting - Wednesday 25th August 2021 if voting in person, or Friday 20th August 2021 if voting at any of our branch or agency offices, online or by post. **Please note that due to COVID-19 you will be unable to vote in person at the meeting.**
 5. In order to vote at the Meeting, or appoint a proxy, you must qualify as either a shareholding member or a borrowing member.
 - (iii) not have ceased to hold a share or shares in the Society at any time between 30th April 2021 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 25th August 2021, and
 - (ii) have owed the Society not less than £100 in respect of a mortgage debt on 30th April 2021, 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.

Shareholding Members

- (a) **To qualify as a shareholding member, you must:**
 - (i) if you are an individual, be at least 18 years old on 25th August 2021, and
 - (ii) have held shares to the value of not less than £100 in the Society on 30th April 2021, and

Director Profiles 2021

Debra Lewis Chair

Debra joined the Board in 2014 as a non-executive director and became Society Chair in April 2018. She is the Chair of the Nominations Committee. On 1 May 2020 she became a member of the Remuneration Committee.

Career

Debra is an independent member of several investment committees for Rothschild & Co. She qualified as a Chartered Accountant with Ernst & Young and worked with them in both London and Sydney. She then spent over 18 years in the City with Rothschild & Co, initially in internal audit and then held a variety of roles in lending, debt advisory and latterly as Head of Credit, overseeing lending activities before assuming her current role as a Consultant.

Skills and Experience

Debra grew up in South Wales, is a Fellow of the Institute of Chartered Accountants in England and Wales and holds an LLB law degree from University College Cardiff. Debra has a wealth of financial and commercial experience in accountancy and financial services. She contributes to the Board financial insight and commercial acumen as well as leadership and boardroom experience.



Tony Morgan Non-Executive Director

Tony was appointed to the Board in 2013. Tony is Chairman of the Audit Committee and is a member of the Remuneration Committee.

Career

Tony previously worked for PricewaterhouseCoopers (PwC) as Senior Partner in Wales and Deputy Chairman of the Wales and West Region. He spent nearly 33 years with PwC including 22 years as a partner of the firm. During his career, he was based in Cardiff, London and Sydney, where he carried out a wide range of accountancy, audit, investigation and governance assignments for PwC clients in the UK and overseas.

Subsequent to his retirement from PwC he has undertaken roles at the University of South Wales as Governor, Chair of the Finance & Resources Committee and member of the Remuneration Committee; at the Welsh Assembly Commission as Independent Adviser and Chairman of the Remuneration Committee; and also at Geldards Law Firm as Chairman of the Audit Committee and as an independent adviser as well as being a non-executive director of Power Poles Ltd.

Skills and Experience

Tony is a Fellow of the Institute of Chartered Accountants and holds a BSc (Hons) degree in chemistry. He brings to the Board substantial experience in accountancy and audit matters.



Roger Turner Senior Independent Director and Non-Executive Director

Roger was appointed to the Board in September 2015 and is a member of the Nominations, Audit and Risk Committees. He is the Society's Senior Independent Director.

Career

Roger has some 31 years' experience in the financial services sector, most recently as the Head of Group Capital and Treasury at Schroders plc and now CEO of an asset management firm in London. His experience is wide ranging, having been a trader in fixed income and derivatives and also as a regulator, in addition to his extensive consultancy experience as a partner in the Financial Services Regulatory Practice of PricewaterhouseCoopers from 1997 to 2009.

Roger has worked predominantly in the UK but has substantial experience of working for organisations overseas, most notably in the Far East and USA, and his clients have included both corporate bodies and governments.

Skills and Experience

Roger holds a BA (Hons) in Business Studies and an MBA in Finance from City University Business School. He contributes to the Board considerable wide-ranging experience in the financial services sector including Treasury, Corporate Finance and regulatory matters.



Director Profiles 2021 Continued

Trevor Barratt Non-Executive Director

Trevor was appointed to the Board in July 2016 and is Chairman of the Risk Committee and a member of the Audit Committee.

Career

Trevor has over 25 years' experience as a senior executive in governance and risk management, with the majority of this time spent in mainstream retail and commercial banking.

For several years he was the Head of Strategic Risk for Lloyds TSB, working within the Group Risk function, and subsequently he became the Chief Risk Officer of Charities Aid Foundation Bank, before moving to Duncan Lawrie Private Banking Group as an Executive Director, prior to taking up his current role. He was a non-executive director of a private bank, with an international clientele.

Skills and Experience

With extensive experience across both small and large entities, Trevor is a specialist in risk, and he brings to the Board experience which spans business risk, governance, and fighting financial crime. An Associate of the Chartered Institute of Financial Services, Trevor gained a Postgraduate Diploma before completing a Master of Business Administration from Sheffield Hallam University. He is also a Fellow of the International Compliance Association. Trevor also holds the FT Advanced NED Diploma.



Liz McKenzie Non-Executive Director

Liz is the Chair the Remuneration Committee and a member of the Nominations Committee.

Career

Liz started her career in manufacturing and held a number of roles with Toyota Motor Manufacturing. She was latterly the Assistant General Manager and a member of the senior leadership team. In a transition from manufacturing to financial services, Liz joined the Wesleyan Assurance Society in 2010. She held a number of senior roles and was latterly Chief Operating Officer from 2015 to 2017. Liz is Chair of IoT start-up Tended and Remuneration Committee Chair at the Brunel Pension Partnership.

Skills and Experience

Liz has a degree in Production Engineering and contributes to the Board a wealth of experience of transferring manufacturing best practice into financial services in areas such as operational improvement, people development, transformation, and IT, driving cost management and income growth.



Director Profiles 2021 Continued

Marian Evans Non-Executive Director

Marian joined the Board on 24 June 2021 as a non-executive director. She is a member of the Risk Committee and the Remuneration Committee.

Career

Marian is the founder of Elevate Business Consultancy and in her capacity as its MD and qualified Executive Coach and Facilitator works with some leaders of the UK's top organisations. She has also built and manages a successful property portfolio within Wales. Marian serves as a non-executive director on the Board of the Cirencester Friendly Society and was a non-executive director of the Federation of Agricultural Brokers. During her career, Marian was Head of the Schemes Division at Thomas Carroll Group from 2014 to 2016 and worked for NFU Mutual Insurance Society between 2001 and 2014 holding various roles of increasing responsibility.

Skills and Experience

Marian grew up in Wales and is a Welsh speaker. She is a qualified Chartered Insurance Practitioner and Broker and a qualified Executive Coach and Mentor. She brings to the Board 18 years' experience in the financial services and property investment sector at all levels of business from grassroots up to strategic and advisory. Marian was the Winner of Inspirational Woman of the Decade 2019 and UK Mentor of the Year 2018. Marian is also a Fellow of the Institute of Leadership & Management and a Fellow of the Chartered Management Institute.



Executive Directors

William Carroll Chief Executive Officer

Will joined the Society in 2004 and was appointed to the Board in 2009 as Finance Director. In 2017 he became Chief Executive Officer. Will is accountable to the Board and responsible for leading the development and execution of the Society's long-term strategy in the interests of members. Will is responsible for all day-to-day management decisions and for implementing the Society's short and long-term plans.

Career

Will previously worked for Deloitte and was involved with a wide range of audit work in a variety of different industry sectors. He has been with the Society for 17 years and in that time has been responsible for various departments including Finance, Treasury, Customer Services and Arrears.

Skills and Experience

Will is a Fellow of the Institute of Chartered Accountants. He holds a Master's degree in Leadership and Management from the University of Loughborough. Will has a great understanding of the Society and the building society sector, and significant experience in financial management.



Iwan Jones Finance Director

Iwan was appointed to the Board as Finance Director on 1 April 2018 and is responsible for the Financial Control, Middle Office and Treasury functions within the Society.

Career

Iwan started his career with Touche Ross (now Deloitte) and held various Finance and Risk roles in financial services organisations both in the UK and overseas including Lloyds TSB, Saffron Building Society, Principality Building Society, Barclays, JPMorgan Chase and NatWest.

Skills and Experience

Iwan has 30 years' experience within Risk and Finance. He is a member of the Institute of Chartered Accountants in England & Wales. Iwan contributes considerable broad-based experience in financial management to the Society including business development, strategy, corporate finance, product development and risk management.



Executive Directors

Dawn Gunter Chief Operating Officer

Dawn joined the Society in September 2017 initially as Director of Distribution before she moved into the role of Chief Operating Officer. She was appointed to the Board in February 2018. Dawn is responsible for the Operations and Distribution within the Society.



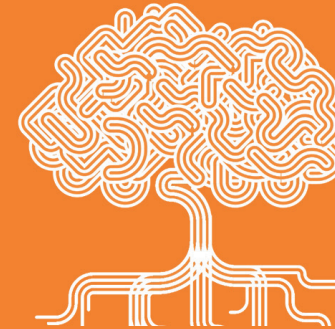
Career

Before joining the Society, she was most recently Head of Operational Strategic Design & Delivery at Sainsbury's Bank and before that she held the role of Head of Mortgage Operations. She was contracted for 16 months with the Welsh Government on Executive Projects to create a culture of continuous improvement, drive change and deliver business efficiencies. Dawn also spent 11 years with the Principality Building Society in various roles including the Head of Direct Channels. She has worked in Legal & General and Bank of Wales Plc.

Skills and Experience

Dawn contributes to the Society over 30 years' experience within financial services and is skilled in the formulation of strategy and delivering change. She has a wide breadth of knowledge across all operational functions and distribution channels with success delivering both a direct to consumer and business to business sales and service proposition and most recently, building an outsourced managed service business.

Society Values



Community

We make our communities better.



Personal

Our members and colleagues are unique and we support their different journeys and needs.



Dynamic

We are adaptable in our approach.



Quality

What we do, we do well.

Summary Financial Statement

for the Year Ended 30 April 2021

Summary Directors' Report

The Directors have pleasure in presenting the Summary Financial Statement of the Group for the year ended 30 April 2021. The financial statement is a summary of information contained in the audited Annual Report, 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 the Monmouthshire Building Society and on the Society's website at www.monbs.com from 11th August 2021.

2021 Highlights

Results	2021	2020
Growth		
Total Assets (£ millions)	1,385.5	1,247.1
Total Mortgage Assets (£ millions)	1,136.2	1,026.7
Lending		
Gross New Lending (£ millions)	374.3	252.0
Net Lending (£ millions)	109.5	92.2
Net Interest Margin %	1.13	1.10
Capital		
Capital Ratio (% Risk Weighted Assets)	12.87	13.81
Profitability		
Underlying Profit Before Tax (£ millions)*	1.3	0.2
Profit/(Loss) After Tax (£ millions)	1.6	(1.0)
Profit/(Loss) After Tax Ratio (% mean total assets)	0.12	(0.08)
Management Expenses Ratio (% mean total assets)	0.97	1.02
Cost Income Ratio (%)	83.07	103.83

* Underlying profit before tax is profit before tax excluding fair value movements resulting from hedge accounting. The Society uses derivative instruments (swaps) to hedge interest rate risk arising from fixed rate mortgages. These swaps are intended to be held to maturity. As such, any gains or losses arising from fair value movements are timing differences which do not affect underlying cash flows. As a result, they are excluded from the Society's underlying profit or loss.

The financial year was an unprecedented year in which the Monmouthshire Building Society (the "Society", "MBS") has been able to maintain a focus on delivery of wider strategic initiatives, demonstrating resilience and agility to adapt and reprioritise its plans in response to the continually changing environment. This was enabled by the response of the Society at the start of the COVID-19 pandemic to mobilise a remote workforce, change the way branches engage with members and the introduction of safety measures in response to Government guidelines, in order to protect colleagues and members.

The Society's member-led approach and core purpose of 'Helping members, communities and colleagues to thrive' has been more important than ever in the current financial year. The pandemic has had an impact on the Society's ability to deliver many of the planned member propositions. However, a strong emphasis on members and colleagues has underpinned delivery throughout the period, with many digitally focused initiatives brought forward in our plans to provide servicing enhancements for members, whilst also progressing improvements in cyber security defences to protect the Society, its members and its colleagues as its operating model moved to one of remote working.

The positive results achieved highlights our member-led approach and demonstrates our core values that run through the heart of our organisation. The Society's commitment to maintaining a presence on the high street has been evident as we took over the management of the new Brecon branch from Leeds Building Society and a new Agency principal firm was brought into operation in Usk. Members have greatly appreciated the creation of an 'In Touch' initiative during the pandemic. Colleagues engaged with members who were identified as more vulnerable, supporting them with any concerns or updates about Society services to ensure they were healthy and had support. We responded at pace to develop an online proposition for customers to request payment holidays for borrowers affected by the pandemic and we remained committed to helping members thrive in their homes, the Society being recognised externally by the Moneyfacts Consumer Awards as the First Time Mortgage Buyers' Choice.

Borrowers returned to the mortgage market, at a time where many lenders deserted those with low deposits due to the uncertainty of how the pandemic would impact employment. The Society has remained committed to helping these members and was able offer higher loan to value products without taking

inappropriate credit risks. The success of the Society's Holiday Let lending portfolio continued and cautious steps were taken to re-enter the commercial mortgage market. The Society's decision to remain committed to its strategy and promote a range of mortgage products, supporting members with lower deposits and those keen to grow their investment portfolios has delivered strong and diversified net mortgage growth of £110m (2020: £92m). This was not expected at the start of the year following the shutdown of the housing market in April 2020. At the year end, the Society's total mortgage assets had grown by 11% to £1,136m (2020: £1,027m), whilst our net interest margin increased to 1.13% (2020: 1.10%). Performance of the mortgage portfolio remains strong, however, the impact of COVID-19 for mortgage members has not yet fully materialised as the furlough scheme and mortgage payment holidays continue being utilised.

We remain predominantly retail funded and our future strategy will ensure that this remains the case. Despite record low interest rates, we have maintained competitive savings rates for our loyal investing members across all distribution channels. Retail funding and deposits inflow was £139m (2020: £108m) for the year with strong performance across the investment product range.

Financial performance in the year has been positive, the Society returning to profitability as margins have improved combined with favourable fair value movements in the Society's derivatives. We have recorded an underlying profit before tax for the year of £1.3m (2020: £0.2m) and a statutory profit after tax of £1.6m (2020: loss £1.0m). As a mutual, it is first and foremost in our minds that we must balance the needs of our savers and borrowers as well as deliver profit for the business which will help us to keep the business secure.

A full refresh of the strategy has been undertaken with a new five-year plan commencing on 1st May 2021. The revised strategic direction reflects the excellent progress made to date by all at the Society in the implementation of its strategy and modernising the organisation, but also to recognise and reflect the risks and opportunities that are currently faced. The Society's mutual ethos has always informed decisions, and with the Board demonstrating its commitment through Environmental, Social and Governance led priorities that flow through its deliverables, the Society is more aligned with its members, communities and colleagues than ever before.

Key to achieving the strategy is the ongoing development and support of the

Society's colleagues and inclusive culture, which encourages the core values of the Society to be central to all business activities. As the country emerges from the pandemic, the Society aims to achieve a unique, dynamic working culture that serves to attract the best talent and retain existing colleagues to create an environment which rewards achievement and fosters success remains its ambition. The year brought many challenges for the Society's colleagues throughout the pandemic with branch colleagues adapting to new ways of working including distancing and working using personal protective equipment and most head office colleagues working from home.

The Society used £75,541 under the Government's Coronavirus Job Retention Scheme to protect colleague jobs when the pandemic forced the economy into lockdown and its business activities were severely affected. All furloughed colleagues returned to their roles at the Society during the summer when activity increased. The improved performance at the Society has meant that there have not needed to be any redundancies related to COVID-19. We were delighted to announce the repayment in full of furlough monies received given these improved conditions. This is a strong reflection of our mutual values and enables the money to be redistributed

amongst the sectors that are most in need of support during these difficult times.

There have been some changes to the Board during the year. Following the resignation of Nina Hingorani-Crain in November 2020, Marian Evans was appointed to the Board in June 2021 following a rigorous recruitment process. She was selected for the role following her demonstration of a clear understanding of the sector, mutuality and the Society, her Welsh affiliation, extensive commercial background and breadth of experience.

I would like to record my thanks to the Board, the management team and all colleagues at the Society for their continued commitment, enthusiasm and dedication in ensuring Monmouthshire Building Society remains successful. I would also like to say thank you to you, our members for your support, understanding and patience at this difficult time.



Debra Lewis

Chair

12th July 2021

Group income and expenditure account	2021 £000	2020 £000
Net interest receivable	14,884	12,956
Other income and charges	(121)	6
Administrative expenses	(12,751)	(11,994)
Loan loss provisions	(679)	(703)
Other provisions	(32)	(51)
Other fair value gains/(losses)	586	(1,410)
Profit/(Loss) before tax	1,887	(1,196)
Taxation (charge)/credit	(321)	199
Profit/(Loss) for the year after tax	1,566	(997)

Group Financial Position at the year end	2021 £000	2020 £000
Assets		
Liquid assets	238,711	210,022
Mortgages	1,136,172	1,026,679
Fixed and other assets	10,646	10,395
Total assets	1,385,529	1,247,096
Liabilities		
Shares	1,002,010	883,355
Borrowings	306,643	285,887
Other liabilities	13,320	16,083
Reserves	63,556	61,771
Total liabilities	1,385,529	1,247,096

Summary of Financial Ratios	2021 %	2020 %
Gross capital as a percentage of shares and borrowings	4.86	5.28
Liquid assets as a percentage of shares and borrowings	18.24	17.96
Profit/(Loss) for the year as a percentage of mean total assets	0.12	(0.08)
Management expenses as a percentage of mean total assets	0.97	1.02

Gross capital as a percentage of shares and borrowings

The gross capital ratio measures the proportion that the Group's capital bears to its liabilities to holders of shares, depositors and other providers of funds (investors).

The Group's capital consists of profits accumulated over many years in the form of reserves. Capital provides a financial cushion against difficulties that might arise in the Group's business and therefore protects investors.

Liquid assets as a percentage of shares and borrowings

The liquid assets ratio measures the proportion of the Group's assets held in the form of cash, short-term deposits and government securities to the Group's liabilities to investors.

Most of the Group's assets are long-term mortgages which cannot be converted quickly into cash, while many of its liabilities to investors are repayable on demand. Liquid assets are generally readily realisable, enabling the Group to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.

Profit for the year as a percentage of mean total assets

The profit to assets ratio measures the proportion that the Group's profit after taxation for the year bears to the average of its total assets during the year.

The Group needs to make a reasonable level of profit each year in order to maintain its capital ratio at a suitable level to protect investors. However, a building society does not have to pay dividends to equity shareholders as a company does.

Management expenses as a percentage of mean total assets

The management expenses ratio measures the proportion that the Group's administrative expenses bears to the average of the Group's total assets during the year.

Management expenses consist mainly of the costs of employing staff and of running the Society's branches and other office costs such as advertising. Expenses need to be controlled so that the Group operates as efficiently as possible while providing the service that members require.

Approved by the Board of Directors on 12th July 2021.

Debra Lewis

William Carroll

Iwan Jones

Independent Auditor's Report

Independent auditor's statement to the members and depositors of Monmouthshire Building Society

Opinion

We have examined the Group Summary Financial Statement of Monmouthshire Building Society ('the Group') for the year ended 30 April 2021, which comprises the Results for the year and of the Financial Position at the end of the year, together with the Summary Directors' report.

On the basis of the work performed, as described below, in our opinion the Group Summary Financial Statement is consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Group for the year ended 30 April 2021 and conforms with the applicable requirements of section 76 of the Building Societies Act 1986 and regulations made under it.

Basis for Opinion

Our examination of the summary financial results consisted primarily of:

- Agreeing the amounts and disclosures included in the summary statement of financial results to the corresponding items within the full annual accounts, Annual Business Statement and Directors' Report of the Group for the year ended 30 April 2021, including consideration of whether, in our opinion, the information in the summary statement of financial results has been summarised in a manner which is not consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Group for that year;
- Checking that the format and content of the summary statement of financial results is consistent with the requirements of section 76 of the Building Societies Act 1986 and regulations made under it; and
- Considering whether, in our opinion, information has been omitted which although not required to be included under the relevant requirements of section 76 of the Building Societies Act 1986 and

regulations made under it, is nevertheless necessary to include to ensure consistency with the full annual accounts, the Annual Business Statement and Directors' Report of the Group for the year ended 30 April 2021.

We also read the other information contained in the Group Summary Financial Statement and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary financial results.

Our report on the Group and Society's full annual accounts is unmodified and describes the basis of our opinions on those annual accounts, the Annual Business Statement and Directors' Report.

Directors' responsibilities

The directors are responsible for preparing the summary financial results within the Group Summary Financial Statement, in accordance with applicable United Kingdom law.

Auditor's responsibilities

Our responsibility is to report to you our opinion on the consistency of the summary financial results within the Group Summary Financial Statement with the full annual accounts, 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.

The purpose of our work and to whom we owe our responsibilities

This auditor's statement is made solely to the Society's members, as a body, and to the Society's depositors, as a body, in accordance with section 76 of the Building Societies Act 1986. Our work has been undertaken so that we might state to the Society's members and depositors those matters we are required to state to them in such a statement 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 and the Society's depositors as a body, for our work, for this statement, or for the opinions we have formed.

Matt Hopkins (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

London, UK
12th July 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Directors' Remuneration Report

On behalf of the Board, I am pleased to present the Remuneration Committee's 2020/21 Report which sets out our Remuneration Policy and provides for our members details of the basic salary, variable pay and benefits earned by Directors in the year to 30 April 2021. The Board is committed to best practice in its remuneration policy for Directors and in the interests of transparency it has included an advisory vote at the Annual General Meeting on the Directors' Remuneration Report set out below. The Directors' remuneration for the year is as follows:

	Fees & salary	Performance related incentive scheme	Pension contributions	Taxable benefits	2021 Total	2020 Total
2021	£000	£000	£000	£000	£000	£000
Non-Executive Directors:						
D R Lewis	57	-	-	-	57	57
T Barratt	39	-	-	-	39	44
N Hingorani-Crain (resigned 11.11.20)	19	-	-	-	19	33
L McKenzie	34	-	-	-	34	35
A D Morgan	39	-	-	-	39	40
R D Turner	33	-	-	-	33	41
Executive Directors:						
W J Carroll	202	16	34	11	263	247
D M Gunter	151	15	24	11	201	186
I J Jones	148	6	27	11	192	186
Total	722	37	85	33	877	869

Due to the introduction of a salary exchange arrangement for pensions during the financial year which was offered to all eligible colleagues, the salaries of Executive Directors have reduced slightly according to their chosen level of personal pension contribution and pension contributions have increased accordingly.

Executive Directors are provided with the option of a company car or car allowance, the benefit amounts shown above show the total value of the benefits provided. This approach is different from previous years where the taxable benefit value was shown, this has been restated in the 2020 and 2019 figures along with a correction of £1k in 2019 where healthcare was missing for one of the Executive Directors.

During this financial year P Leader (former Executive Director) received £49k of contractual payments and £49k notice pay following his end of employment with the Society.

Loans to directors

At 30 April 2021, one director (2020: one director) or persons connected with directors had mortgage loans granted in the ordinary course of business totaling £545k (2020: £202k). A register containing details of loans and transactions between the Society and its directors may be inspected at the Society's Head Office, during normal office hours, in the period of fifteen days expiring on the date of the Annual General Meeting, or at that meeting.

Executive Directors' Emoluments

The level of remuneration for executive directors' is reviewed each year. The Society's remuneration policy is to reward executive directors through salaries and other benefits, including an incentive scheme designed to recognise the achievement of corporate objectives. Reward packages include basic salary, an annual incentive payment, benefits in kind and pensions. Payments made as a result of the annual incentive scheme are not pensionable.

Basic salaries

Basic salaries are normally reviewed annually by reference to performance, jobs carrying similar responsibilities in comparable financial organisations and in the light of market conditions generally. Due to COVID-19 no pay review took place during the year.

Incentive scheme

For the year to 30 April 2021, there was no planned annual incentive scheme in place for Executive Directors. However,

in recognition of their achievements and the Society's success during a difficult year a financial reward outside the scheme has been provided for Executive Directors and colleagues. For the 2021/22 financial year an inventive scheme has been reintroduced aligned to the new 5 year strategic plan.

Pensions and other benefits

Executive directors are contributory members of the Society Stakeholder pension scheme. Executive directors are eligible to receive other optional taxable benefits including a car and healthcare provision. All colleagues were provided with additional annual leave during the year to recognise their commitment throughout the COVID-19 pandemic.

The Code recommends that an executive director's service contract notice period should be set at twelve months or less. The Society meets this requirement. The Chief Executive Officer is subject to a notice period of twelve months. Other executive directors are subject to a notice period of six months.

Non-executive directors' remuneration

The fees for non-executive directors were determined by the executive directors and the Chair. The Chair's remuneration is determined by the Committee in the absence of the Chair. Additional fees are paid to the Senior Independent Director and the Risk, Remuneration and Audit Committee Chairs to reflect their increased responsibility. The level of fees is

regularly compared with fees for non-executive directors' remuneration in comparable organisations.

There are no bonus schemes or other benefits for non-executive directors and they are not entitled to any pension. They are subject to written terms and conditions of employment and to re-election in line with the Society Rules, from 2021 re-election will be annual.

Overall this year has been balanced for remuneration, being prudent at the start of the Covid-19 pandemic

in awarding no pay rise for this financial year and removing the bonus scheme. Subsequently, the excellent response of our high performing team has enabled us to reward their commitment while retaining fairness to all stakeholders.

Liz McKenzie
Remuneration Committee Chair
12th July 2021

Board of Directors and Officers	
Chair	D R Lewis LLB (Hons), FCA
Senior Independent Director	R D Turner BA (Hons), MBA
Non-Executive Director	T Barratt MBA, FT Post Dip NED, ICA Post Dip AML, Post Dip Fin, Dip FS, ACIB
Non-Executive Director	M Evans BSc (Hons), ACII FInstL, FCMI
Non-Executive Director	L McKenzie BEng (Hons)
Non-Executive Director	A D Morgan BSc (Hons), FCA
Chief Executive Officer	W J Carroll BSc (Hons), MSc, FCA
Chief Operating Officer	D M Gunter
Finance Director	I J Jones BSc Econ (Hons), ACA
Chief Risk Officer	D Mollison BA (Hons), SIRM
Head of People & Culture	L Burgess BSc (Hons), MSc, Chartered MCIPD