

intouch 2019

Keeping you up to date with your Society

150

Monmouthshire Building Society
CELEBRATING 150 YEARS



Monmouthshire
Building Society

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Monmouthshire Building Society is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register Number: 206052

NEWS2019_07/19-1

Celebrating 150 years
Our exciting digital current account
Summary Financial Statement 2018/19



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Welcome

I would like to take this opportunity to invite you to attend the Society's 150th Annual General Meeting, which is due to take place at Rodney Parade, Newport, on Wednesday 21st August 2019, at 11.00am.

There will be an opportunity for members to put their questions to the Board at the meeting, but if you are unable to attend, or would prefer, you're welcome to submit written questions in advance (please see page 10 for further details).

As always, you can vote in person at our AGM, at any branch or agency office, online through our scrutineer's website, or you can complete and return the Proxy Voting Form. For every valid voting form the Society receives (paper or online), we will donate 20p to Shelter Cymru, our Charity of the Year for 2019/20.

To help the Society further benefit our members in the future, we are delighted to offer those who return a copy of the enclosed questionnaire a chance to win £250 in cash. (see page 10 for more details).



Debra Lewis
Chair



We're celebrating our 150th Birthday!



150 Years of History - Our Journey

On the evening of Saturday 23rd January 1869, a group of local businessmen met at No 6 Dock Street in Newport to establish what was the Monmouthshire and South Wales Permanent Investment Benefit Building Society.

In our first 30 years, we helped to fund a large proportion of the 7,100 new homes that were built in Newport.

We continued to help our members thrive through two World Wars, reaching our first £1 million of assets in 1948.

By 1990 we had assets of £100 million, branches across South Wales and a new shorter name - Monmouthshire Building Society.

Today we have a fresh new look and exciting plans for how we can support our members with new technology, but we still operate by the same honest values that we started with.

Our members have shaped our journey, so we're honoured to have played a small part in your journeys too – whether that's by helping you buy your first home, save for your retirement, or put money away for your children's future.

How we're celebrating

What Are You Saving For?

This year you've been sharing your savings goals with us – and we've been giving some lucky members a helping hand to reach them.

Our winners have received art supplies, gardening tools, euros and more - simply by telling our branch and agency staff what they are saving for.



This prize draw is running until the end of the year, so pop into your local branch or agency office if you'd like to enter!

Branch Parties

We've been celebrating our 150th by hosting a birthday party in each of our branches.

We've welcomed our members across South Wales for a slice of cake, a drink and a chat with our Executive team about our history and our plans for the future.

Thank you to all our members who attended, it was great to celebrate with you!

Our Future

We've got some exciting plans for taking the Society forward into our next 150 years.

Our revamped Newport City Centre branch will open soon, and we're excited to welcome you into our vision for a modern building society branch.

We're also working on a digital current account, helping you manage your money with new technology.

From the beginning, we have always been driven by you, our members. We're excited to begin the next stage of our journey, and we hope that we'll continue to be part of yours.



Our latest development – we’re building a new, exciting digital current account!

Monmouthshire Building Society is known for providing mortgages and savings accounts. After all, we’ve been doing it for 150 years. In the last 12 months the Society has been investing in its digital capabilities, ensuring that we are providing you, our members, with fantastic products and services. One of the great projects we are currently working on, and which will add something new to our offering is our first ever current account! This is an exciting project for the Society, and the first fully digital experience our members will get to use.

What we can reveal is the account name! The new account will be called The ME Current Account, also known as My Everyday Current Account.



What will the current accounts look like?

- We will be offering two current accounts; one for adults and one for the younger generation
- The accounts will be operated exclusively through a digital banking platform – you’ll manage the account online
- Your account will come with a debit card for transactions and cash withdrawals
- The current accounts will have special features to help you organise and manage your money
- There will be a mobile app for managing your account whilst on the go

When will the current accounts be available?

We’re busy making sure the current account meets the needs of members. We’ll be keeping you updated via our member email newsletter, so keep an eye on your emails for the latest current account news! If you do not receive our monthly member newsletter but would like to, please email marketing@monbs.com.

Does this mean you’re turning into a bank?

While we are starting to offer some banking services, it does not mean that we are becoming a bank. Unlike a bank, we don’t answer to shareholders, we answer to you, our members – that’s why you’ve received this AGM pack. We’re proud to be a building society and our new current account won’t change how we operate. We’ll just be giving our members even more choice, helping the Society to become the financial services provider of choice.

Community news

Over £10,000 raised for Alzheimer’s Society Cymru!



This last year has seen the Society along with you, our members, raise over £10,000 for a great charity which makes sure it is there to support the people in Wales affected by dementia. This is an incredible amount of money raised which will be spent within Wales. Thank you to all our members and colleagues for getting involved during the year. Without your support the Society wouldn’t be able to help charities raise awareness and much needed funds.



2019/20 Charity of the Year



Sharing the belief that everyone in Wales deserves a place to call 'home'

We hope to continue the momentum with our new Charity of the Year for 2019/20 – Shelter Cymru. Colleagues from around the Society nominated and voted to choose our new charity for the year, and what a fantastic charity we have chosen! Being a mutual, our aim is to help people save and enable them to have their own home. Shelter Cymru shares many of the same values as the Society, and we believe this will be another great partnership!

Shelter Cymru is Wales' people and homes charity.

The charity works for people in housing need by providing free, independent, expert housing advice and campaigns to overcome the barriers which stand in the way of people in Wales having a decent, secure home.

Shelter's housing advice has been keeping people in their homes since 1981!

Winner of Large Business of the Year Award!

The Society was thrilled to win the Large Business of the Year Award at the South Wales Argus Business Awards held in September 2018! The award demonstrates that the Society is going from strength to strength, with a focus on strategic initiatives to ensure we are in our communities for the next 150 years. Businesses from across Gwent were represented on the night from all sectors, and it was great to receive recognition by the wider business community in which we operate. A huge thank you to our colleagues and members for continuing to support the Society through this exciting time!



Charitable Foundation roundup

Throughout the year, the Society's Charitable Foundation has supported many local charities, organisations and groups across South Wales.



Cardiff Merlins Baseball Team

The club aims to encourage participation, and are the only baseball team in South Wales. They meet regularly for training sessions and take part in competitive games. They received £480 towards the purchase of their baseball jerseys. Good luck for the season!



Keep Caerleon Tidy

Keep Caerleon Tidy were awarded £505 to purchase their own equipment, including some high visibility jackets. This meant the group does not have to keep borrowing from Keep Wales Tidy. For members living in Caerleon, be sure to keep your eyes open for the group in and around the area!



The Royal National College for the Blind

The college provides further education for blind and partially sighted students and was selected to be the first ever eco college campus as nominated by Keep Britain Tidy. The aim is to reduce waste going to landfill and increase recycling across the campus. The college received £767 which will go towards the purchase of a recycling bin with braille signs to guide students.



Ready Steady Go

The Ready Steady Go group is an afterschool and holiday activity club based in Undy Church and Community Hall which provides activities for children aged between 3 and 11 who have an autism diagnosis. The group received £519 which will enable them to purchase toys and other equipment. The additional resources will enable the group to continue to develop through imaginative play. We hope the children enjoy the new toys!

Customer feedback



Since our doors opened in 1869, we have served the local communities 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. To help the Society continue to provide you with the best products and services, we invite you to complete the enclosed questionnaire

and return it in the pre-paid envelope. Alternatively, you can complete the questionnaire by visiting www.mymonbsvote.co.uk.

All questionnaires returned by Wednesday 21st August will be automatically entered into a prize draw to win a cash prize of £250.



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,
- You can vote in person at our AGM,
- At any of our branch or agency offices,
- Alternatively, you can complete the enclosed Proxy Voting Form and return by freepost.

For every valid Proxy Voting Form received (paper and online), the Society will donate 20p to our Charity of the Year for 2019/20, Shelter Cymru.

Ask a question at our AGM

If you'd like to ask a question at our AGM, but can't attend in person, we welcome written questions in advance of the meeting. You can submit your question two ways, email us at agmquestions@monbs.com or write to: **The Secretary, AGM Questions, Monmouthshire Building Society, Monmouthshire House, John Frost Square, NP20 1PX.** All questions must be submitted to us by **5:00pm on Friday 16th August 2019.** 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 150th Annual General Meeting of the members of Monmouthshire Building Society will be held at the Business Suite, Rodney Parade Rugby Ground, Newport, South Wales, on Wednesday 21st August 2019 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 Auditors' Report, Directors' Report, Annual Accounts and Annual Business Statement for the year ended 30th April 2019.
2. To consider and if thought fit, re-appoint KPMG 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 2019.

Election/Re-election of Directors

4. To consider and if thought fit, elect/re-elect the following as directors:
 - a) To re-elect Nina Hingorani-Crain
 - b) To re-elect Roger Turner
 - c) To elect Liz McKenzie

Other

5. To transact any other business permitted by the Rules of the Society.

By Order of the Board

Allison Currie

Company Secretary
27th June 2019

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.
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 - Wednesday 21st August 2019 if voting in person, or Friday 16th August 2019 if voting at any of our branch or agency offices, online or by post.
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.

Shareholding Members

(a) **To qualify as a shareholding member, you must:**

- (i) be at least 18 years old on 21st August 2019, and
- (ii) have held shares to the value of not less than £100 in the Society on 30th April 2019, and
- (iii) not have ceased to hold a share or shares in the Society at any time between 30th April 2019 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 21st August 2019, and
- (ii) have owed the Society not less than £100 in respect of a mortgage debt on 30th April 2019, 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. Please also bring the Proxy Voting Form with you. If you are appointing a proxy, other than the Chair 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.

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

Monmouthshire Building Society Annual General Meeting 2019



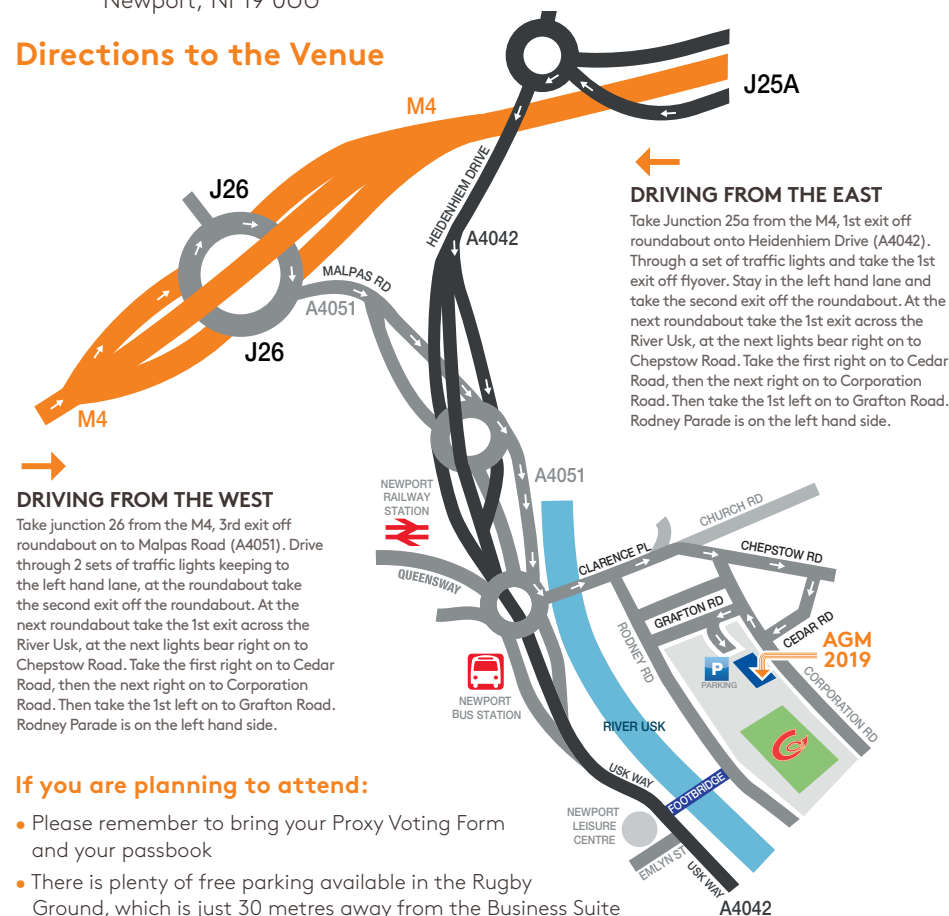
AGM 2019

Date: Wednesday 21st August 2019

Time: 11.00am

Venue: The Business Suite, Rodney Parade Rugby Ground, Newport, NP19 0UU

Directions to the Venue



DRIVING FROM THE EAST

Take Junction 25a from the M4, 1st exit off roundabout onto Heidenhiem Drive (A4042). Through a set of traffic lights and take the 1st exit off flyover. Stay in the left hand lane and take the second exit off the roundabout. At the next roundabout take the 1st exit across the River Usk, at the next lights bear right on to Chepstow Road. Take the first right on to Corporation Road, then the next right on to Grafton Road. Then take the 1st left on to Grafton Road. Rodney Parade is on the left hand side.

DRIVING FROM THE WEST

Take junction 26 from the M4, 3rd exit off roundabout on to Malpas Road (A4051). Drive through 2 sets of traffic lights keeping to the left hand lane, at the roundabout take the second exit off the roundabout. At the next roundabout take the 1st exit across the River Usk, at the next lights bear right on to Chepstow Road. Take the first right on to Cedar Road, then the next right on to Corporation Road. Then take the 1st left on to Grafton Road. Rodney Parade is on the left hand side.

If you are planning to attend:

- Please remember to bring your Proxy Voting Form and your passbook
- There is plenty of free parking available in the Rugby Ground, which is just 30 metres away from the Business Suite
- The doors open at 10.30am to allow for registration prior to the meeting starting at 11.00am
- The venue and meeting room have wheelchair access
- Tea, coffee and refreshments will be provided
- Any questions, please call us on 01633 844 444

Non-Executives

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.

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. 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 Vice Chairman

Tony was appointed to the Board in 2013. He was appointed Vice-Chairman of the Board in August 2016 and is Chairman of the Audit Committee. He also serves on the Remuneration Committee.

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 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.

Tony is a Fellow of the Institute of Chartered Accountants. He brings to the Board substantial experience in accountancy and audit matters.



Nina Hingorani-Crain Senior Independent Director

Nina was appointed to the Board in August 2015 and serves on the Audit and Nomination Committees.

Nina has had a diverse 20 year career in the corporate, public and charity sectors, including 5 years at Ernst & Young. She joined the financial services regulator where she spent a varied 10 years in senior roles, including as the Chairman's Principal Private Secretary during the global financial crisis and subsequently as Chief of Staff leading the creation of the new Financial Conduct Authority (FCA). Nina also undertook a 6-month secondment to Age UK. Nina is a Director on the Boards of the Charity Commission for England and Wales, Oxleas NHS Foundation Trust and Achieving for Children.

Nina holds an LL.B. (Hons) degree, and a Maîtrise en Droit from the Sorbonne Paris. She also qualified as a Chartered Accountant, and has recently completed the Financial Times Advanced Non-Executive Director Diploma. Nina brings to the Board substantial and wide ranging executive and non-executive experience in regulation (including conduct), strategy, operational and change management, consumer, audit and corporate finance.



Liz McKenzie

Liz joined the Board on 1st September 2018. She is a member of the Remuneration and Risk Committees.

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, Non-Executive director of the Greater Birmingham Chamber of Commerce, Vice Chair of the West Midlands Growth Company and is a Trustee of the Heart of England Community Foundation. 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, transformation and IT, driving cost management and income growth.



Non-Executives Continued

Roger Turner

Roger was appointed to the Board in September 2015. He is Chairman of the Remuneration Committee and serves on the Risk Committee.

Roger has some 30 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. Until recently Roger was a non-executive director of Shepherds Friendly Society based in Cheshire. 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.

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.



Trevor Barratt

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

Trevor has more than 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 Bank, 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, prior to taking up his current role. He is the Quality Director at Fairbanking Foundation. He was a non-executive director of a private bank, with an international clientele.

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. Trevor also holds the FT Advanced NED Diploma. He is a Fellow of the International Compliance Association and 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.



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 long and short term plans.

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 15 years and in that time has been responsible for various departments including Finance, Treasury, Customer Services and Arrears. He is also a trustee of the Society's Charitable Foundation. Will is the Society's representative on the Board of Mutual Vision Technologies, a technology company that designs software platforms for building societies. Will is a Fellow of the Institute of Chartered Accountants. He holds a Masters 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 in April 2018 and is responsible for the Financial Control, Middle Office and Treasury functions within the Society.

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 Nat West. Iwan has 28 years' experience within Risk and Finance. He is a member of the Institute of Chartered Accountants in England & Wales. Iwan contributes to the Society considerable broad-based experience in financial management including business development, strategy, corporate finance, product development and risk management.



Executive Directors Continued

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 March 2018. Dawn is responsible for the Operations within the Society and for Distribution.

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 spent 11 years with the Principality Building Society in various roles including the Head of Direct Channels and Head of Sales Operations. She has worked in Legal & Generals mortgage division and Bank of Wales Plc.

Dawn contributes to the Society 29 years experience within financial services, a wide breadth of knowledge across all distribution channels with success delivering a direct to consumer sales and service proposition via telephone and on-line, preceded with delivery of a business to business model to the Intermediary market and most recently, building an outsourced sales and service business.

Summary Financial Statement

for the Year Ended 30 April 2019

Summary Directors' Report

The Directors have pleasure in presenting the Summary Financial Statement of the Group for the year ended 30 April 2019. 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 6 August 2019

2019 Highlights

Results	2019	2018	2017	2016	2015
Growth					
Total assets (£ millions)	1,109.0	1,059.1	1,053.8	1,073.5	1,047.9
Total Mortgage Assets (£ millions)	934.5	842.2	811.3	806.2	802.1
Lending					
Gross new Lending (£ millions)	233.0	185.5	141.2	139.1	181.4
Net Lending (£ millions)	92.3	31.0	5.2	4.0	65.5
Net Interest Margin %	1.39	1.51	1.45	1.45	1.38
Capital					
Capital ratio (% Risk Weighted Assets)	16.19	16.88	16.11	14.72	13.45
Profitability					
Profit after tax (£ millions)	0.9	3.2	4.6	6.4	4.7
Profit after tax ratio (% mean total assets)	0.08	0.30	0.43	0.60	0.47
Management expenses ratio (% mean total assets)	1.17	1.16	0.93	0.75	0.67
Cost income ratio (%) Pre- Impairment of Fixed Assets	84.71	73.68	64.14	50.37	50.00
Cost income ratio (%) Post- Impairment of Fixed Assets	90.26	-	-	-	-

Our business model

Monmouthshire Building Society is a strong, regional building society which is primarily focused on providing residential mortgages and is funded substantially by members' savings accounts. It has a proud mutual heritage, playing an important part in our communities.

Our purpose

Helping members, communities and colleagues to thrive.

Our vision

To build a unique and exciting Society by inspiring and empowering our colleagues to maximise growth and future prosperity.

We aim to deliver an ambitious strategy underpinned with member led propositions. Our profitability will be optimised rather than maximised to support investment in new initiatives that are innovative and exciting, helping delivery of the modern mutual the Society will become.

Our distinctiveness

The foundations for providing a distinctive customer proposition are:

- our strong regional brand;
- our member-focused culture; and
- our financial security.

Our ambition to serve our members and local community runs through our culture and decision making and is key to ensuring we are building a safe and sustainable business that our members

trust. Our values are at the forefront of everything we do:

Dynamic - We are modern in our approach which means that we are responsive and agile;

Community - We are local, with feeling. We are invested in our regions, and welcome members to our branches with open arms;

Personal - We treat our members differently. We understand that each one has a different story, a different journey and different needs;

Quality - We are professional in our approach, with an eye for detail and a conscientious spirit. Members can expect responsible and reliable advice; brokers can expect a responsive and flexible service, focused on their needs.

Our competitive strengths

Our strategy is underpinned by the Group's core business strengths:

- personal service is key to our success. It differentiates us from our competitors, is what our brand represents and results in high levels of customer satisfaction and trust of our members;
- strong balance sheet and operating capacity for growth on a meaningful scale;
- the enthusiasm and knowledge of the Society's colleagues; and,
- the Society's Branch and Agency network, which is largely located in the Society's core operating area and forms a key part of those communities in which the Society operates.

Our strategy

Our strategy highlights the Board's commitment to achieve long term sustainable growth and its vision of becoming the modern mutual, underpinned by several key, member-led, strategic priorities and initiatives.

Significant successes have already been achieved over the last two years as the Society has invested in its people, processes and infrastructure. This has driven mortgage growth, exceeding our budgeted targets.

Key highlights and successes can be summarised as:

- a vibrant new brand, which has successfully modernised the Society's image and supported an increasing profile of the organisation amongst key stakeholders;
- new member products and propositions;
- improving distribution channels;
- significant investment in infrastructure, including:
 - appointment of key personnel at Executive and Senior Management level;
 - development of the Society's IT Capabilities;
 - embedding the Society's Risk Management Framework;
 - moving to the Extended Approach for Treasury Risk Management;

- organisational redesign of the first and second lines including the establishment of Business Change, Continuous Improvement and Business Intelligence; and,
- enhanced Operational and Technical Resilience.
- improvements to culture and colleague engagement.

Approach

We will utilise the advantages of our mutual status to provide mortgage and savings products on the most competitive terms compatible with prudent management and financial security.

The Society's strategy is proposition led, finding solutions to our members' problems and issues. This will enable the Society to grow the business and its membership.

Lending

The Society has delivered a number of key lending propositions that were planned in the first two years of its strategy and has now reprioritised those remaining and considered several additional possibilities.

Our intention is to deliver propositions that meet members' needs and secure targeted levels of growth for the business. We will:

- continue to offer low rates and compete on price for our core residential products;

- serve our broader community base by offering a wider selection of other lending products, directed at first time buyers, energy efficient mortgages, members requiring lending into later life and buy-to-let products;
- focus on delivering the highest quality service to our members and intermediaries; and,
- continue to minimise, as far as possible, the high levels of redemptions that have been experienced in recent years.

The above strategy will help to bring greater stability to a fluid mortgage book, as the Society aims for a period of steady but sustainable net mortgage growth.

Funding

The Society is, and will remain, predominantly retail funded via a range of savings and ISA products that are offered to retail customers. To ensure we grow our membership, we will deliver a range of more innovative saving solutions that are attractive and secure loyalty. We will:

- offer competitive savings rates that will help us engage with different demographic groups, reflecting our brand values;
- focus on delivering the highest quality service to our saving members and retail depositors; and
- supplement our retail funding through the access to wholesale funding markets and Bank of England secured funding.

Development of infrastructure

The Board recognises the need to continue to enhance the Society's operating infrastructure to ensure operational resilience and an appropriate platform from which to grow and successfully compete in the digital age. The Society will use sustainable technology to improve services and drive efficiencies, supporting the long-term growth of the business and the ability to compete in the marketplace. Other key changes to infrastructure relate to:

People

There has been significant investment in developing and sustaining our culture, which encourages the Society's core values to be central to business activities, with colleagues empowered to deliver their objectives and senior management ensuring that people are equipped to successfully perform their roles. Ongoing investment in training and resourcing will ensure that there is the right capability at all levels within the business to successfully implement the strategy.

Processes

The Society has already committed significant resources to improve its IT infrastructure and cyber defences across all key areas of the business. Efforts will continue to be made to review processes and increase operational efficiency in all areas through a culture of continuous improvement to drive maximum value for our members and enhance the Society's core competences.

Premises

Continued investment in our property portfolio will be made to ensure the Society has a working environment which is modern, fit for purpose and will serve the Society for the duration of the strategic plan and beyond. This is highlighted by the proposed move of the Society's Head Office in Newport.

Distribution

The Society will distribute its member led products and services via a customer centric multi-channel distribution model. To deliver a multi-channel experience, the Society will continue to invest in technology, find new and innovative ways to enter the digital market, extend its direct to customer offering and extend our partnerships with key broker networks.

By delivering our agreed strategy, the Society will develop a sustainable, scalable business model that is fit for the future. Our plan is not to be regarded as 'set in stone' or allowed to inhibit initiative or innovation. This is extremely important in the fast moving operating environment of today. Given the pace of change, it is not possible to predict today every solution that may be required to enable successful delivery of the plan in the later years. It is therefore our intention to regularly review and if necessary make changes to our plan as part of an ongoing process in line with the Society's risk appetite, broader risk capabilities and underlying control environment. The principal risks of the Society can be found in the Risk Management Section in the full Annual Report and Accounts.

Debra Lewis

Chair

17 July 2019

Group income and expenditure account	2019 £000	2018 £000
Net interest receivable	15,020	15,914
Other income and charges	(88)	768
Administrative expenses	(12,649)	(12,290)
Impairment of fixed assets	(829)	-
Loan loss provisions	(159)	(399)
Other provisions	(52)	(31)
Profit on ordinary activities before tax	1,243	3,962
Taxation	(323)	(763)
Profit for the year after tax	920	3,199

Group Financial Position at the year end	2019 £000	2018 £000
Assets		
Liquid assets	165,016	205,089
Mortgages	934,466	842,167
Fixed and other assets	9,536	11,795
Total assets	1,109,018	1,059,051

Liabilities		
Shares	817,942	770,091
Borrowings	221,349	220,875
Other liabilities	4,725	3,397
Reserves	65,002	64,688
Total liabilities	1,109,018	1,059,051

Summary of Financial Ratios	2019 %	2018 %
Gross capital as a percentage of shares and borrowings	6.25	6.53
Liquid assets as a percentage of shares and borrowings	15.88	20.70
Profit for the year as a percentage of mean total assets	0.08	0.30
Management expenses as a percentage of mean total assets	1.17	1.16

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 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 17 July 2019.



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 summary financial statement of Monmouthshire Building Society ('the Society') for the year ended 30 April 2019.

On the basis of the work performed, as described below, in our opinion the summary financial statement is consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year ended 30 April 2019 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 statement consisted primarily of:

- Agreeing the amounts and disclosures included in the summary financial statement to the corresponding items within the full annual accounts, Annual Business Statement and Directors' Report of the Society for the year ended 30 April 2019, including consideration of whether, in our opinion, the information in the summary financial statement has been summarised in a manner which is not consistent with the full annual accounts, the Annual

Business Statement and Directors' Report of the Society for that year;

- Checking that the format and content of the summary financial statement 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 Society for the year ended 30 April 2019.

We also read the other information contained in the 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 statement.

Our report on the Society's full annual accounts 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 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 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.

Simon Clark

for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
Birmingham
17 July 2019

Directors' Remuneration Report

On behalf of the Board, I am pleased to present the Remuneration Committee's 2018/19 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 2019. 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	Increase in accrued pension/pension contribution	Taxable benefits	2019 Total	2018 Total
	£000	£000	£000	£000	£000	£000
Non-Executive Directors:						
D R Lewis	57	-	-	-	57	39
T Barratt	38	-	-	-	38	31
N Hingorani-Crain	33	-	-	-	33	31
L McKenzie	25	-	-	-	25	-
A D Morgan	41	-	-	-	41	39
R D Turner	34	-	-	-	34	35
H Warman (Retired 12.04.2018)	-	-	-	-	-	70
Executive Directors:						
W J Carroll	201	26	30	9	266	249
D M Gunter (Appointed 08.03.2018)	160	20	23	-	203	38
I J Jones (Appointed 01.04.2018)	150	20	23	18	211	16
J Bawa (Resigned 31.07.2017)	-	-	-	-	-	178
P Leader (Resigned 19.02.2018)	-	-	-	-	-	91
	739	66	76	27	908	817

Loans to directors

At 30 April 2019, 1 director (2018: 1 director) or persons connected with directors had mortgage loans granted in the ordinary course of business totaling £209k (2018: £217k). 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.

Incentive Scheme

For the year to 30 April 2019, the scheme was designed to deliver a maximum award of up to 20% of basic salary, following finalisation and approval of the accounts. The annual incentive scheme is linked to key corporate performance measures such as the achievement of financial or regulatory compliance targets (e.g. in relation to growth and efficiency), combined with demonstration of appropriate behaviours in line with the Society's performance management process.

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. They are also eligible to receive concessionary mortgage facilities on terms which are available to all staff.

The UK Corporate Governance 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 Vice Chairman, Senior Independent Director and the Risk, Remuneration and Audit Committee Chairman 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 every three years in line with the Society Rules. After nine years they are subject to annual re-election in line with best corporate governance practice.

Roger Turner
Remuneration Committee Chairman
17 July 2019

Society Values

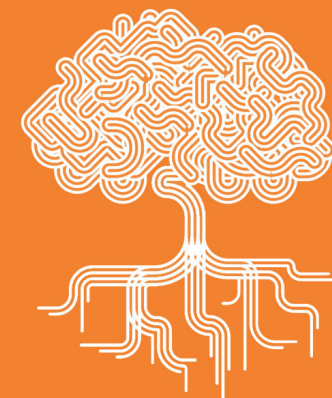


Dynamic

We are modern in our approach which means that we are responsive and agile.

Community

We are local, with feeling. We are invested in our regions.



Quality

We are professional in our approach, with an eye for detail and a conscientious spirit.



Personal

We treat our members differently. We understand that each one has a different story, a different journey and different needs.

Board of Directors and officers

Chair	D R Lewis LLB (Hons), FCA
Vice Chairman	A D Morgan BSc (Hons), FCA
Senior Independent Director	N Hingorani-Crain LLB (Hons), Maitrise en Droit (Sorbonne), ACA
Non-Executive Director	T Barratt MBA, FT Post Dip NED, ICA Post Dip AML, Post Dip Fin, Dip FS, ACIB
Non-Executive Director	L McKenzie BEng (Hons)
Non-Executive Director	R D Turner BA(Hons), MBA
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
Head of Risk & Compliance	D Mollison BA (Hons), SIRM
Head of People & Culture	L Burgess MSc, MCIPD