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NEWS2022 (07/22-1)



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Welcome

Dear Member,

After 8 years serving on the Board, I will be stepping down at this year's AGM. It has been a privilege to serve you, our member, during this time, and I hope you are as delighted as I am with how the Society is evolving and moving forward.

The last couple of years have been difficult for us all and I, along with the Board, have been disappointed that we haven't been able to see you at the AGM since 2019. However, this year is bittersweet for me, with it being my last AGM, just as we return to inviting you to come along and join us in sharing news about the Society and its future plans. The 153rd AGM will take place at Rodney Parade, Newport, on Wednesday 24th August 2022, at 11am.

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 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.

To help the Society further benefit our members in the future, we are delighted to offer those who return a copy of the member questionnaire a chance to win a £250 gift card, plus an extra £250 donation to a charity of your choice. (Please see page 11 for more details).



Debra Lewis
Chair



Our Award-Winning Branching into Communities Programme

Through our Branching into Communities programme, we can deliver on our core purpose to help our members, colleagues, and communities thrive today and tomorrow.

Launched in 2021, Branching into Communities highlighted our existing community and charitable work and introduced some brand-new initiatives including Colleague in the Community, our Society supported volunteering programme, and our Branch Sponsorship Fund, created to support grassroots groups in our communities.

Colleagues even came together to form a Social Responsibility Panel to support sustainable environments and greater social equity for all members of our communities and for future generations.

We're delighted to look back and share some of our proudest moments that have made a difference to the communities where we live and work.

**Volunteered over
1400 hours**



**Supported 28
grassroots groups
through our Branch
Sponsorship Fund**



**Our community work
is award winning!**



**Branching into
Communities**

- Monmouthshire Building Society Charitable Foundation
- Charity Partnership with Shelter Cymru
- Branch Sponsorship Fund
- Colleague in the Community
- A new colleague led Social Responsibility Panel

The Charitable Foundation Just Keeps on Giving

The Monmouthshire Building Society Charitable Foundation has donated over £26,000 during the last year to charities, community groups and good causes across south Wales and the south west of England.

21st Birthday Celebrations

Last August, the Foundation celebrated its 21st birthday, having contributed over **£330,000** to over **540** causes in that time. The Foundation, which is funded by the Society, aims to provide modest donations that have a positive impact on the lives of disadvantaged and vulnerable people in communities across south Wales and the south west of England.

This year the donations have been more generous than ever...



Llanfoist Primary School

Children at Llanfoist Primary School in Monmouthshire used their funding to do more learning outdoors, no matter what the Welsh weather throws at them, with the help of some waterproof clothing. To support plans to build an outdoor learning hub on the grounds of the school, the Charitable Foundation donated £1,106.70 for the purchase of waterproof suits and wellies.



With Music in Mind

With Music In Mind is a not-for-profit Community Interest Company based in south Wales. The group aims to improve the quality of lives of older people through singing, exercising and socialising with the ultimate goal of reducing isolation and loneliness.

The group used their donation to buy a new printer to print out song sheets, music, newsletters and group information for members who do not use the internet.

Basecamp Chepstow

Basecamp Chepstow provide free face-to-face and affordable counselling to anyone in Monmouthshire from the age of 16. Their Place4Youth programme, allows young people aged 11 to 24 to find connections and support from project members and other young people in the community. Through grants, funding and donations, the group obtained items for use by the young people, including the two digital art pads they bought with their charitable foundation funding.



To find out more about our Charitable Foundation please visit [monbs.com/community](https://www.monbs.com/community)

Developing a Community Bank for Wales

Towards the end of 2021, we made an exciting announcement – one of the biggest changes we've made in our 153 year history.

In December, we announced our intention to develop a community bank for Wales; a bank that will be based on our current mutual model and owned by and run for the benefit of our members.

Why are we doing this?

With many retail banks leaving high streets across Wales, many people and communities have lost access to much valued banking services.

People who rely on face to face banking, particularly those in rural communities have been hit the hardest. This often includes, communities and businesses who are more reliant on cash, those with financial vulnerabilities or health challenges and people that don't only want to manage their finances online.

This financial exclusion has a huge detrimental impact on society and the economic, cultural and even environmental wellbeing of a sustainable Wales.

And we don't think that's right.

So we're addressing this lack of provision by developing and delivering a Community Bank for Wales.

Our Community Bank for Wales

It will be a modern, full service community bank, headquartered in Wales, and provide access to bilingual products and banking services for individuals and businesses through a range of channels including telephone, digital and physical outlets.

It will also:

- Be accessible to all - regardless of location, income, wealth or digital ability
- Consider everyone's wants and needs by offering a wide range of online and in person services
- Be owned by, and run for, the benefit of its members rather than the maximisation of profit for shareholders.

We believe this is the right thing to do — for our members, future members and for Wales.

We don't have all the answers yet in terms of how, where, when but you'll be able to keep up with our progress on our website, social media channels and our new Member Matters community as our plans develop.

Join our team



"We love working here, we think you will too!"

For our latest opportunities, scan the QR code or visit monbs.com/about-us/careers



My Rewards and Benefits

Private health care, dental insurance, 10% employer pension contribution and so much more

My Development

Map your career journey and develop your skills and knowledge

My Community

Up to 14 hours a year volunteer leave, opportunity to join our colleague led initiatives



Follow us #MBSCareers

Member Matters – Our New Research Community – Find out more!



Member Matters

As a mutual building society, our members are at the heart of everything we do and your feedback is really important to us! That's why we have launched our member research community, Member Matters. If you want to help shape the Society's future, and would like to play your part in helping us review our products and services, we would love to hear from you!

Our research community will develop over the coming months and your involvement will be in the form of focus groups and surveys, to really find out what matters to you.

Find out more information and sign up by scanning the QR code or visiting monbs.com/membermatters.



SCAN ME

Member Feedback

Helping our members, communities, and colleagues thrive today and tomorrow is our purpose.

How our members feel we measure up to that purpose is our goal and we would like to find out a little more about your experience as a member through this year's 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 24th August 2022 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 of your choice.

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 on the Proxy Voting Form.

You can register your vote in many ways:

- In person at the AGM,
- Online at www.mymonbsvote.co.uk,
- At any of our branches or agencies,
- 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?

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, Newport, NP20 1PX.**

All questions must be submitted by midnight on Friday 19th August 2022. 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 153rd Annual General Meeting of the members of Monmouthshire Building Society will be held in the Business Suite, Rodney Parade Rugby Ground, Newport, South Wales, on Wednesday 24th August 2022 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 2022.
2. To consider and if thought fit, approve the Directors' Report on Remuneration for the year ended 30th April 2022.
3. To consider and if thought fit, re-appoint BDO LLP as auditors until the conclusion of the next Annual General Meeting.
4. **Election and Re-election of Directors**
 - a) To elect Coin Brereton
 - b) To re-elect Marian Evans
 - c) To elect Tom Leach
 - d) To re-elect Trevor Barratt
 - e) To re-elect William Carroll
 - f) To re-elect Dawn Gunter
 - g) To re-elect Liz McKenzie
 - h) To re-elect Tony Morgan
 - i) To re-elect Roger Turner

Biographical details can be found on page 16 of the Annual Report and on our website at www.monbs.com

Other

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

By Order of the Board
Allison Currie
Company Secretary
23rd June 2022

Notes

These Notes form part of the Notice of Meeting.

1. Under the Society's Rules, a member entitled to attend the Meeting and vote may appoint one proxy to attend and vote on their 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.
2. You may instruct your proxy how to vote at the Meeting. Please read the instructions on the proxy form.
3. The voting date is the date of the Meeting - Wednesday 24th August 2022 if voting in person, or Friday 19th August 2022 if voting at any of our branch or agency offices, online or by post.
4. 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) if you are an individual, be at least 18 years old on 24th August 2022, and;
 - (ii) have held shares to the value of not less than £100 in the Society on 30th April 2022, and;
 - (iii) not have ceased to hold a share or shares in the Society at any time between 30th April 2022 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 24th August 2022, and;
 - (ii) have owed the Society not less than £100 in respect of a mortgage debt on 30th April 2022, 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.
5. 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.

6. Members attending the Meeting will be requested to produce their passbooks, mortgage statement 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.

Director Profiles 2022

Debra Lewis

Non-Executive Director and Chair – Elected in 2014 and Chair since 2018 Please note Debra is not standing for re-election.

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.

Debra believes the best part of working at the Monmouthshire is the professionalism, dedication and compassion shown by her colleagues in endeavoring to serve the interests of our members.



Tony Morgan

Non-Executive Director - Elected in 2013

Tony previously worked for PricewaterhouseCoopers (PwC) as Senior Partner in Wales and Deputy Chairman of the Wales and West Region. 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 Limited.

Tony is a Fellow of the Institute of Chartered Accountants and holds a BSC (Hons) degree in chemistry from University College, Cardiff. He brings to the Board substantial experience in accountancy and audit matters.

Tony joined the Board because of the Society's mutual ethos and values that have served the community well for over 100 years.



Roger Turner

Non-Executive Director and Senior Independent Director – Elected in 2015

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.

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.

What Roger enjoys most about working at the Society is the ambition of the team, the flexibility and willingness to embrace the challenges of the World today and the family feel of our Society.



Committee Key:

Audit Committee
Risk Committee
Nominations Committee
Remuneration Committee



Director Profiles 2022 Continued

Trevor Barratt

Non-Executive Director - Elected in 2016

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 moving to risk consultancy. 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 management. He is a Fellow of the International Compliance Association. Trevor also holds the FT Advanced NED Diploma. 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.

Trevor sees Monmouthshire Building Society as a true community society, with an ambitious vision to increase financial inclusion, using multiple delivery channels, at the very time other financial service firms are withdrawing from towns and communities across Wales.



Liz McKenzie

Non-Executive Director - Elected in 2018

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 including Chief Operating Officer from 2015 to 2017. Liz is Chair of IoT start-up Tended and Shareholder NED at the Brunel Pension Partnership.

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 and remuneration, transformation and IT, driving cost management and income growth.

Liz likes that the Society is such a big-hearted organisation, our actions are real and will make a difference. The work in the Community, the pioneering Green mortgages, our apprenticeships to name a few. And there's so much more to do!



Director Profiles 2022 Continued

Marian Evans

Non-Executive Director - Elected in 2021

Marian qualified and practiced as both a Chartered Insurance Broker and Chartered Insurer. Marian is a Fellow of the Institute of Leadership and Management and Fellow of the Chartered Management Institute.

A former Director of Thomas Carroll Group and Sales Manager at NFU Mutual. Marian owns a successful consultancy business and Property Partnership. Marian also serves on the Cirencester Friendly Society Ltd Board and is an ambassador for Women on Board UK.

Marian is proud to be part of Monmouthshire Building Society and describes its culture as one which truly has the best interests of its people and customers firmly at its core.



Colin Brereton

Non-Executive Director

Colin joined the Board in March 2022.

Colin was a Senior Partner with PricewaterhouseCoopers (PwC) until 2018. He held positions with PwC including EMEA Financial Services Clients & Markets Leader, Global Communications Leader, and UK Technology and Telecoms Leader. Colin is Chairman at the digital investment and financial services company BnkPro, and at the on-line broker FxPro.

Colin is Audit Committee Chairman at Royal National Children's SpringBoard Foundation, Deputy Chairman at Floreat Education and a trustee of Farm Africa.

Colin has 38 years' leadership experience in professional services. He has over 20 years' experience within PLC boardrooms and served three terms on PwC UK's Supervisory Board.

Colin is a member of the Institute of Chartered Accountants in England and Wales, and a Fellow of the Association of Chartered Certified Accountants. Colin contributes a wealth of experience in business, accountancy and audit matters. His advisory work spanned strategic and operational transformation, financial performance improvement, and regulatory compliance.

Colin believes in the mutual model and is impressed with the work the Society does in the community, the people he has met, and their enthusiasm and commitment to supporting Monmouthshire's members.



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 over 17 years and in that time has been responsible for various departments including Finance, Treasury, Customer Services and Arrears.

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.

Will has been at the Society for over 17 years, he is extremely proud of the way in which all within the organisation pull together to ensure that we develop and evolve and continue to deliver exceptional services for our members.



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.

Before joining the Society, she has enjoyed successes in various senior leadership roles across the banking, insurance and building society sectors with her most recent role as Head of Operational Strategic Design & Delivery at Sainsbury's Bank. Dawn also spent 11 years with the Principality Building Society in various roles including the Head of Direct Channels with roles prior to that in Legal & General.

Dawn contributes to the Society, with 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 key functional areas of Distribution, Product Development, Operations, Brand & Communications, IT, and Compliance Quality Assurance with successes delivering results through high performing teams and creating customer-centric cultures.

Dawn is passionate about delivering solutions that align to the Society's values to help colleagues, members and communities to thrive today and tomorrow. She is particularly proud of the support colleagues show for local communities and charity initiatives, giving up their time to lend a hand and make a positive impact on the environment, the lives of members and local areas.



Executive Directors

Tom Leach

Chief Finance Officer (From 18th July 2022)

Tom has 20 years' experience in financial services, and comes to the Society following a 4 year tenure as Finance Director at Bath Building Society. He will take over from Interim Chief Finance Officer Julian Bill in July 2022.

Tom has held a variety of senior and strategic positions in financial services, having worked for Deloitte, Principality Building Society where he rose to the role of Group Financial Controller, and more recently Bath Building Society where he has been the Finance Director since 2018.

Tom is thrilled to be joining MBS and support the Society on its journey towards becoming a modern mutual. The purpose-led, innovative and forward thinking strategy is ambitious, and challenging, and builds on the Society's 153 years of service delivery. This next phase of development will ensure the Society remains relevant for its members, colleagues and communities for another 150 years. He believes the Community Bank proposition is really exciting and is looking forward to playing his part in delivering this venture.



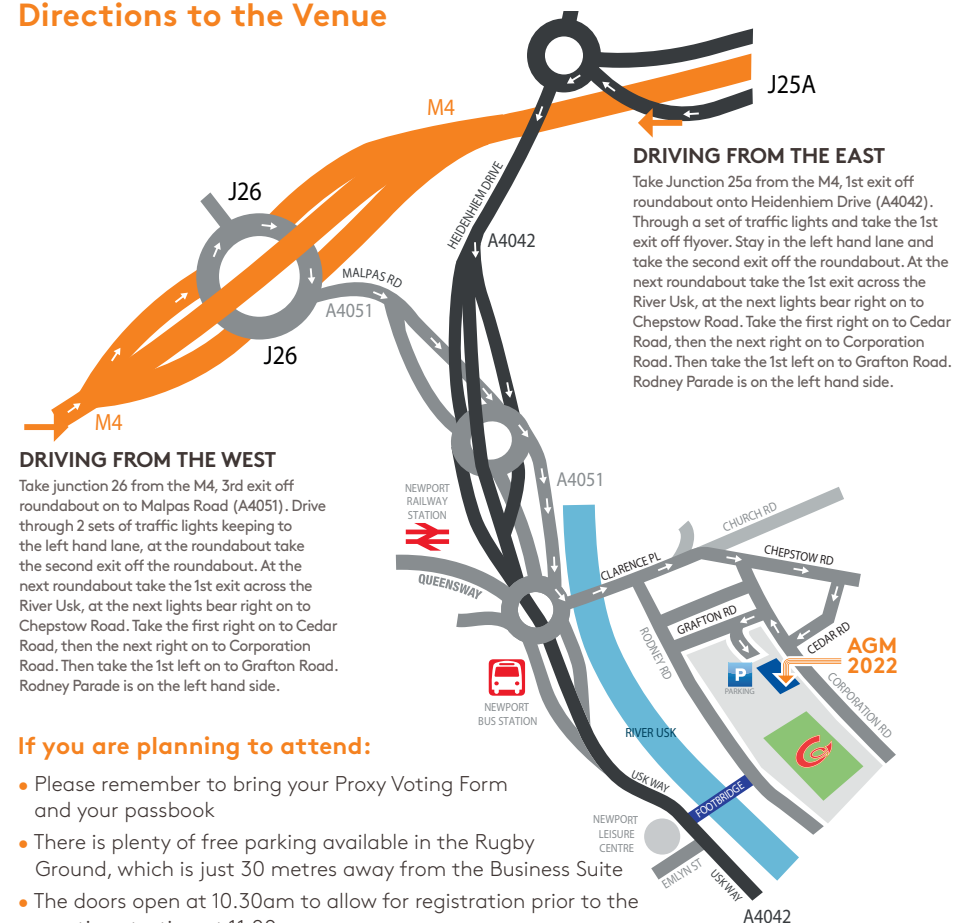
Monmouthshire Building Society Annual General Meeting 2022

Date: Wednesday 24th August 2022

Time: 11.00am

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

Directions to the Venue



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

Summary Financial Statement

for the Year Ended 30 April 2022

Summary Directors' Report

The Directors have pleasure in presenting the Summary Financial Statement of the Group for the year ended 30 April 2022. 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 31 July 2022.

2022 Highlights

Results	2022	2021
Growth		
Total Assets (£ millions)	1,488.2	1,385.5
Total Mortgage Assets (£ millions)	1,201.9	1,136.2
Lending		
Gross New Lending (£ millions)	247.8	374.3
Net Lending (£ millions)	88.5	109.5
Net Interest Margin %	1.40	1.13
Capital		
Capital Ratio (% Risk Weighted Assets)	14.16	13.28
Profitability		
Underlying Profit Before Tax (£ millions)*	5.16	1.30
Profit/(Loss) After Tax (£ millions)	7.78	1.57
Profit/(Loss) After Tax Ratio (% mean total assets)	0.54	0.12
Management Expenses Ratio (% mean total assets)	1.10	0.97
Cost Income Ratio post fair value gains (%)	63.68	83.07

* 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.

Implementation of our strategy during uncertain times

The year has been one of continued uncertainty, as the ongoing impact of the covid pandemic has persisted, significant inflationary pressures have emerged and the tragic events in Ukraine have unfolded. We embarked upon a new strategy from 1 May 2021 and have had some early successes in its implementation.

A clear focus on our members

In a buoyant mortgage market with strong house price increases across England and Wales, the Society has continued to grow through the delivery of our lending strategy. Our core residential mortgage lending has been supported by a range of other mortgage products including Buy-to-Let, Holiday Let and the refreshed strategic focus on the commercial lending market, offering residential lending and commercial investment. Mortgage book growth of 6% to £1.2bn (2021: 11%, £1.14bn) was achieved during the year. We also supported 1,107 members affected by the pandemic through mortgage payment holidays. Almost all borrowers had returned to normal mortgage repayments by the year end.

We have kept all of our branches open throughout the pandemic and plan to increase our branch footprint

over the coming years, alongside the development of our digital capabilities. We are looking forward to opening a new flagship branch and administration hub in the centre of Cardiff in 2022, building on the success of our Brecon branch that was opened in 2021.

The Society has attracted £101m (2021: £139m) in new shares and deposits from its loyal members and other customers. Following recent bank rate increases, we have increased savings rates across the range, including our back book and will seek to continue to ensure we balance our mutual interests if the Bank of England decides to raise rates further in the coming months.

Communities

Our focus on environmental, social and governance initiatives has created significant engagement supporting the Society's overarching strategic purpose. Our Branching into Communities programme has been a huge success, with financial support provided to grass roots organisations, a relaunch of the Society's Charitable Foundation and colleagues donating their time to support the communities in which they live and are passionate about.

In December 2021, we were delighted to announce that the Society is working with Welsh Government to develop

the aspiration of the Banc Cambria community banking model across Wales, building further on the Society's vision of becoming a modern mutual and supporting the communities of Wales.

And our colleagues

One of the biggest changes that has emerged from working through the pandemic is the way in which we work and how organisations adapt and respond to colleagues who are re-evaluating the future of work, with a hybrid, inclusive work-life balance that improves well-being.

The Society has launched an agile working strategy, providing equipment to support remote working and reconsidering its office working environment to ensure that we can improve collaboration and provide facilities that are conducive to the modern mutual we aspire to be.

We continue to place focus on colleague attraction, retention and development through our people strategy in a challenging market. During the year we have launched an apprenticeship scheme, a colleague recognition scheme and a number of talent development schemes.

Supporting the transition to a greener future

The Society has taken early action in relation to climate change risks, engaging in policy development and leading the way in providing tools that support our members to identify and take action in decarbonising their properties. We recognise our own responsibility to the environment as a business and have assessed our impact on the environment and actions that the Society needs to take to become a net zero organisation.

Strong financial performance

The Society's financial performance in the year has been strong, with profitability increasing as net interest margins have continued to improve, coupled with favourable fair value movements in the Society's derivatives as the bank base rate has increased. This has strengthened our capital position.

Our net interest margin increased to 1.40% (2021: 1.13%), primarily a result of the reduction in funding costs which has been seen across the industry. Our statutory profit before tax was £9.6m (2021: £1.9m) leading to an overall increase in the Society's capital ratio to 14.16% of Risk Weighted Assets (2021: 13.28%).

Our Board

Colin Brereton was appointed to the Board in March 2022. Colin will be a member of the Audit Committee and brings over 38 years of leadership and advisory experience in professional services, including an impressive career with PwC until 2018, and several non-executive roles in the world of financial services. He will be up for election at our AGM on August 24th 2022.

There will be another change to the membership of the Board following the AGM as I will be retiring at the meeting. I have been a Board member at the Society for eight years following my appointment in September 2014, the last four as your Chair. Despite the challenges that we have all faced over the past two years, Monmouthshire Building Society has continued to grow and evolve as a business. It is a very different business to the one that I joined in 2014 and I am delighted to have led the Society through a significant period of change and transformation.

I will be succeeded as Chair by Roger Turner, who has been on the Board for seven years and who will continue to lead the Society's development of a long term, sustainable organisation. He has a strong enthusiasm and desire to build on the Society's strong foundations, maintaining a firm focus on the Society's membership.

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 unwavering support, understanding and patience through some difficult times.



Debra Lewis

Chair
15th July 2022

Group income and expenditure account	2022 £000	2021 £000
Net interest receivable	20,108	14,884
Other income and charges	180	(121)
Administrative expenses	(15,772)	(12,751)
Loan loss provisions	660	(679)
Other provisions	(17)	(32)
Other fair value gains	4,481	586
Profit/(Loss) before tax	9,640	1,887
Taxation (charge)/credit	(1,864)	(321)
Profit/(Loss) for the year after tax	7,776	1,566

Group Financial Position at the year end	2022 £000	2021 £000
Assets		
Liquid assets	255,426	238,711
Mortgages	1,201,963	1,136,172
Fixed and other assets	30,796	10,646
Total assets	1,488,185	1,385,529
Liabilities		
Shares	994,964	1,002,010
Borrowings	414,881	306,643
Other liabilities	5,881	13,320
Reserves	72,459	63,556
Total liabilities	1,488,185	1,385,529

Summary of Financial Ratios	2022 %	2021 %
Gross capital as a percentage of shares and borrowings	5.13	4.86
Liquid assets as a percentage of shares and borrowings	18.12	18.24
Profit for the year as a percentage of mean total assets	0.54	0.12
Management expenses as a percentage of mean total assets	1.10	0.97

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.

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 15th July 2022.



Debra Lewis



William Carroll

Independent Auditor's Report

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

Opinion

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 2022 and conforms with the applicable requirements of section 76 of the Building Societies Act 1986 and regulations made under it.

We have examined the Group Summary Financial Statement of Monmouthshire Building Society ('the Group') for the year ended 30 April 2022, which comprises the Results for the year and of the Financial Position at the end of the year, together with the Summary Directors' report.

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 2022, 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 2022.

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's full annual accounts is unqualified 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
15th July 2022

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 2021/22 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 2022. 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	2022 Total	2021 Total
2022	£000	£000	£000	£000	£000	£000
Non-Executive Directors:						
D R Lewis	57	-	-	-	57	57
T Barratt	39	-	-	1	40	39
C Brereton (appointed 24.03.22)	9	-	-	1	10	-
M Evans (appointed 24.06.21)	31	-	-	-	31	-
L McKenzie	35	-	-	-	35	34
A D Morgan	39	-	-	-	39	39
R D Turner	35	-	-	2	37	33
Executive Directors:						
W J Carroll	204	23	37	11	275	263
D M Gunter	153	20	28	11	212	201
I J Jones* (resigned 31.07.21)	167	-	25	7	199	192
Total	769	43	90	33	935	858

* I J Jones resigned as a Director on 31 July 2021. The amount shown above includes £117k of contractual payments following his resignation.

Loans to Directors

At 30 April 2022, one director (2021: one director) or persons connected with directors had mortgage loans granted in the ordinary course of business totalling £529k (2021: £545k). 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 basic salaries, pensions and other benefits, including an incentive scheme designed to recognise the achievement of corporate objectives and, for the Chief Executive and Chief Operating Officer, a strategic longer term incentive scheme focused on Society growth. Payments made as a result of the incentive schemes are not pensionable.

Directors' 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.

Directors' Incentive Scheme

For the year to 30 April 2022, the scheme for Executive Directors was designed to deliver a maximum award of up to 20% of basic salary, following finalisation 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.

Directors' Pensions and Other Benefits

In line with the UK Corporate Governance Code the Society has aligned Executive pension contributions with the workforce during this year. Executive Directors now receive the same percentage contributions as all employees as contributory members of the Society Stakeholder pension scheme. Executive Directors are eligible to receive other optional taxable benefits including a car and healthcare provision.

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 under the Society Rules to re-election every three years in line with the Society

Rules although the Society will follow the Code requirements on annual re-election in line with best corporate governance practice.



Liz McKenzie
Remuneration Committee Chair
15th July 2022

Board of Directors and Officers

Chair	D R Lewis
Senior Independent Director	R D Turner
Non-Executive Director	T Barratt
Non-Executive Director	C I Brereton
Non-Executive Director	M Evans
Non-Executive Director	L McKenzie
Non-Executive Director	A D Morgan
Chief Executive Officer	W J Carroll
Chief Operating Officer	D M Gunter
Interim Chief Financial Officer	J M Bill
Head of People & Culture	L Burgess
Chief Customer Officer	E Wilkins
Community Bank Programme Director	S Phillips