



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

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

NEWS2023 (07/23-1)



Helping members, communities and colleagues thrive today and tomorrow

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# Welcome

Dear Member

This year has been another difficult year for everyone, the impacts of the cost-of-living crisis and the economic turmoil arising from the short-lived tenure of Liz Truss have necessitated the Society taking action to alter our strategic direction accordingly. Nevertheless, the Society continues in its journey towards the “Modern Mutual” and everyone within the Society has contributed enormously to the progress that we have been able to make this year.



Despite the challenges we all face, the Board and I are confident that the initiatives we have made and those that we have yet to complete will enable the Society to continue to flourish to the benefit of all our members. We very much look forward to you joining with us at the AGM to review our last year and to hear about our future plans. The 154th AGM will take place at The Riverfront Theatre, Newport, on Wednesday 23rd August 2023, 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 pre-paid envelope. For every valid voting form, the Society receives (paper or online), we will donate £1 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.

A stylized handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

**Roger Turner**  
Chair



## Living our core purpose

As a regional building society, MBS is committed to supporting the communities where our members and colleagues live and work.

Our Branching into Communities programme, shaped by our Environmental, Social and Governance (ESG) responsibilities, aims to support community wellbeing, inclusion and diversity, and promote sustainability.



**1537** hours  
since 1st May 2022 - 30th April 2023

### Colleague in the Community

All MBS colleagues can take up to 14 hours of paid volunteering leave, every year.



### Branch Sponsorship Fund

Our branches support grassroots groups through the Branch Sponsorship Fund.

**28** community groups  
have benefited  
from the scheme  
this year.

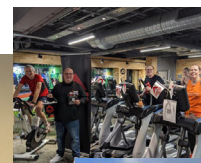


## Our Charity Partnership with Shelter Cymru

We're committed to Shelter Cymru as our official charity partner until 2026.



We've ran, walked, cycled, baked and hosted events.



"We recognise it has been hard for people these past few years, and we're so grateful to MBS' members and colleagues for continuing to support our charity, even though they are facing similar economic challenges themselves."

Kerys Sheppard, Head of Fundraising at Shelter Cymru

**£39,771**

donated by members and colleagues since 2020

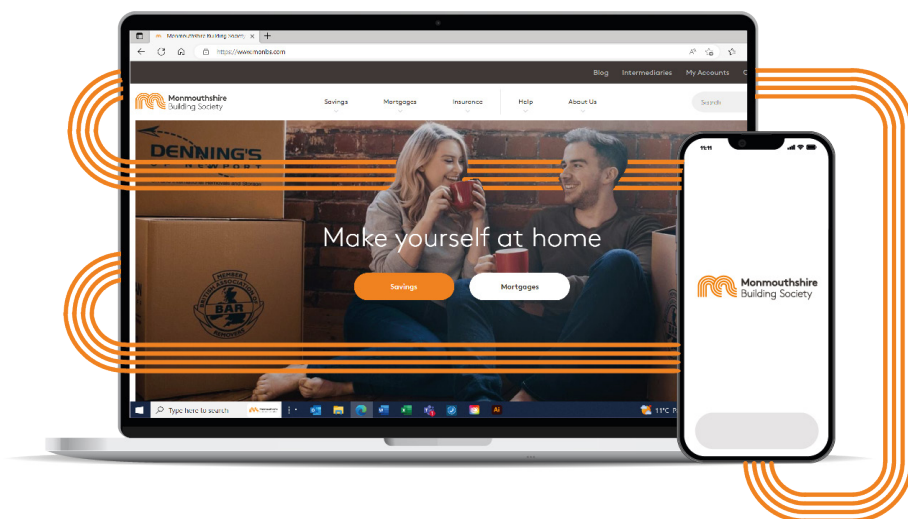
## Monmouthshire Building Society Charitable Foundation

The Society's independent Charitable Foundation provides modest donations to organisations that are working to help those who are most vulnerable in our community.



**49**

community groups  
supported since 1st May  
2022 - 30th April 2023



Coming Soon

# The new MBS mobile app

We've been listening to our member's feedback; how important it is to have easy access to your MBS accounts on a platform that enables access wherever you are, and at a time that is convenient for you.

We're working hard to get the app ready to launch, but in the meantime, you can find out more about it from our website [www.monbs.com/MBSApp](http://www.monbs.com/MBSApp)

## We'd love to hear your feedback

We've recently launched a new way for members to provide feedback to the Society. Members can visit the Smart Money People website and leave a review, at a time convenient for you.

Smart Money People is an independent online review platform, where members can write a review and rate their experience with the Society. The Society will use your feedback to ensure products and services are meeting the needs of all members. Your experience with the Society is important, and we continue to work each day to ensure members have a great experience each time you see and speak to us.

### How to leave a review

You do not need to wait to be invited to leave a review. Members can go direct to the review platform by using the QR code or link below:



<https://smartmoneypeople.com/monmouthshire-building-society-reviews/products>

Alternatively, if you pop into one of our branches or speak to a colleague by phone or email you'll be offered the opportunity to leave a review. It takes just a few minutes to complete, and the Society will use all feedback to evolve and provide new products and services.

We're looking forward to seeing your feedback.

Thank you!



**Monmouthshire**  
Building Society

# HOME IS WHERE THE START IS

You have qualified for  
a free space to support  
Cardiff half. Your unique  
free entry code is **SCMBS**

Every penny raised by our runners is spent in Wales, and helps ensure  
our fight for home can continue.

Scan here to find out more about our calendar of events and sign up:



For further enquiries please email  
[fundraising@sheltercymru.org.uk](mailto:fundraising@sheltercymru.org.uk)  
or call 01792483003

**sheltercymru.org.uk**

Registered Charity Number: 515902



## Monmouthshire Building Society Annual General Meeting 2023

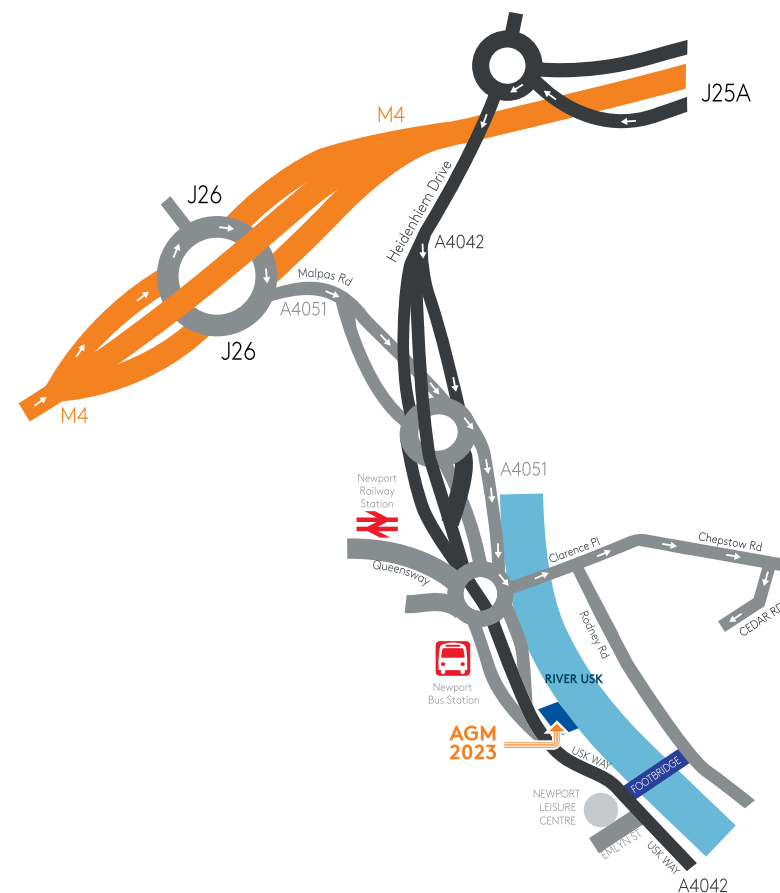
**Date:** Wednesday 23rd August 2023

**Time:** 11:00am

**Venue:** Riverfront Theatre, Kingsway, Newport NP20 1HG

If you're planning to attend:

- Please remember to bring your Proxy Voting Form and your passbook.
- The doors open at 10.30am to allow for registration prior to the meeting starting at 11.00am.
- Tea, coffee and refreshments will be provided.





# Notice of Annual General Meeting

Notice is given that the 154th Annual General Meeting of the members of Monmouthshire Building Society will be held in the Riverfront, Kingsway, Newport, NP20 1HG, on Wednesday 23rd August 2023 at 11.00am.

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 2023.
2. To re-appoint BDO LLP as auditors until the conclusion of the next Annual General Meeting.
3. To approve the Directors' Report on Remuneration for the year ended 30th April 2023.
4. Election and Re-election of Directors
  - a. To re-elect Colin Brereton
  - b. To re-elect Marian Evans
  - c. To re-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 Roger Turner
  - i. To elect Julian Bill

Biographical details can be found on the following pages, on page 15 of the Annual Report and on our website at [www.monbs.com](http://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  
17 May 2023

# 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 form.
4. The voting date is the date of the Meeting - Wednesday 23rd August 2023 if voting in person, or Friday 18th August 2023 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. if you are an individual, be at least 18 years old on 23rd August 2023, and
  - ii. have held shares to the value of not less than £100 in the Society on 30th April 2023, and
  - iii. not have ceased to hold a share or shares in the Society at any time between 30th April 2023 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.

## Notes Continued

### Borrowing Members

- a. To qualify as a borrowing member, you must:
    - i. be at least 18 years old on 23rd August 2023, and
    - ii. have owed the Society not less than £100 in respect of a mortgage debt on 30th April 2023, 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, 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.

## Directors' Profiles 2023

The biographies of the Directors are set out below and include specific reasons why their contribution is, and continues to be, important to the Society's long-term sustainable success.

### Committee Key

■ Audit ■ Risk

■ Nominations ■ Remuneration

Where you see the letter 'C' in a coloured box, this indicates that the individual is the chair of the committee.



### Roger Turner

Chair, Non-Executive Director



Elected in 2015,  
Chair since 2022.

(Independent)

Roger has some 31 years' experience in the financial services sector, most recently as the CEO of an asset management firm in London and previously as Head of Group Capital and Treasury at Schroders plc. 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.



**Tony Morgan**

Non-Executive  
Director



Elected in 2013

(Independent)

Please note,  
Tony is retiring  
from the board  
following the  
AGM and is  
not offering  
himself up for  
re-election.

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 LLP 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 in England and Wales 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 150 years.



**Trevor Barratt**

Non-Executive  
Director



Elected in 2016

(Independent)

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

(Independent)

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!



**Marian Evans**

Non-Executive  
Director  
and Senior  
Independent  
Director from  
2022



Elected in 2021

(Independent)

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.

An experienced NED and board advisor Marian is a former Director of Thomas Carroll Group and Sales Manager at NFU Mutual. Marian is also an ambassador for Women on Board UK. Marian owns a successful consultancy business and property partnership.

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



Elected in 2022

(Independent)

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 Non-Executive Chairman at BnkPro Ltd and BnkPro (Europe) Ltd, two electronic money institutions; Audit Committee Chairman at Royal National Children's Springboard Foundation; Deputy Chairman at Floreat Education; and a Trustee and Audit Committee member 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.

**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 18 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.

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

Joining the Society in 2017, Dawn moved into the role of Chief Operating Officer and was appointed to the Board in February 2018.

Dawn has enjoyed a successful career in senior leadership roles, spanning the banking, insurance and building society sectors with some of the UK's biggest organisations, including, Sainsburys Bank, Principality Building Society and Legal & General.

With over 30 years' experience within financial services, Dawn is highly astute and skilled in the formulation of strategy and delivering change. She has a wide breadth of knowledge across all key functional areas of Operations, IT, Business Change, Brand & Communications, HR and Compliance Quality Assurance with successes delivering results through high performing teams and creating customer and colleague centric cultures. In addition to her role at the Society, Dawn acts as Chair for the UK Finance Wales Policy committee, working to influence government policy on behalf of lenders and bringing the sector together for the good of consumers.

Dawn's dedication and passion for the Society's colleagues, members and communities shines through, making a positive impact each day. She is a Trustee for the Society's Charitable Foundation, ensuring worthy causes receive the help and support they need to flourish.



**Tom Leach**  
Chief Finance  
Officer

Tom has held a variety of senior and strategic positions in financial services organisations. He trained as a Chartered Accountant with Deloitte, achieving the role of audit manager specialising in financial services audit. He subsequently moved to Principality Building Society where he held a number of roles including Head of Finance Change and Head of Group Reporting and Control, before ultimately moving into the role of Group Financial Controller. In 2018 Tom joined Bath Building Society as Finance Director, with responsibility for both Finance and IT teams. He joined Monmouthshire Building Society in July 2022 as Chief Finance Officer.

Tom is a Fellow of the Institute of Chartered Accountants and holds a BSc (Hons) in Mathematics from Imperial College London. He is currently studying for an Executive MBA, also at Imperial College London.

Tom is proud to be part of the Society's long history of supporting its members and communities, playing his part in delivering on its purpose-led, innovative and forward thinking strategy to become a modern mutual.



**Julian Bill**  
Chief Risk  
Officer

Julian joined the Society in September 2021, as Interim Finance Director, and was appointed Chief Risk Officer and Board member on 1 August 2022. Julian is responsible for Risk, Compliance and Governance within the Society.

Julian has been a non-executive director of POBL Housing Group since 2014, where he chairs the Audit and Risk Committee. Before joining the Society, Julian was Interim Group Head of Finance at Wrekin Housing Group. He held various senior roles with the Principality Building Society from 2003 to 2020 including Head of Group Finance, Head of Capital and Liquidity Risk Management, Chief Internal Auditor and most recently Programme Sponsor.

Julian is a Fellow of the Institute of Chartered Accountants and started his career in KPMG. He contributes to the Society over 30 years' experience within Financial Services in Risk, Finance and Audit at executive and non-executive level.

Julian enjoys working in Monmouthshire Building Society's close-knit team and helping the Board to safely achieve the Society's ambitions and purpose for the benefit of current and future members, society and colleagues.

# Summary Financial Statement

## Summary Directors' Report

The Directors have pleasure in presenting the Summary Financial Statement of the Group for the year ended 30 April 2023. 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](http://www.monbs.com) from 8 August 2023.

### 2023 Highlights

Results	2023	2022
<b>Growth</b>		
Total Assets (£ millions)	1,618.5	1,488.2
Total Mortgage Assets (£ millions)	1,291.3	1,201.9
<b>Lending</b>		
Gross New Lending (£ millions)	284.9	247.8
Net Lending (£ millions)	104.2	88.0
Net Interest Margin	1.79	1.40
<b>Capital</b>		
Common Equity Tier 1 ratio (% of risk-weighted assets)**	14.2	14.1
<b>Profitability</b>		
Underlying Profit Before Tax (£ millions)*	3.8	5.2
Profit After Tax (£ millions)	9.7	7.8
Profit After Tax Ratio (% mean total assets)	0.62	0.54
Management Expenses Ratio (% mean total assets)	1.46	1.10
Cost Income Ratio post fair value gains (%)	63.27	63.68

\* Underlying profit before tax is profit before tax excluding fair value movements resulting from hedge accounting and on derivative financial instruments. This is an alternative performance measure not required by UK GAAP. The Society uses derivative instruments (swaps) to hedge interest rate risk arising from fixed rate mortgages. Any gains or losses arising from fair value movements are timing differences which do not affect underlying cash flows or business performance. As a result, they are excluded from the Society's underlying profit or loss before tax.

\*\* Refers to the Society's standalone Common Equity Tier 1 capital and associated risk weighted assets

## Strategic delivery through continuing economic uncertainty

The impact of the global Covid-19 pandemic has caused significant uncertainty in financial markets over recent years. The aftermath of the pandemic, combined with the inflationary pressures resulting from the war in Ukraine has resulted in further economic pressures, leading to the Bank of England raising interest rates 10 times to 5.0% since the last year-end, the highest level since before the financial crisis of 2008. The high levels of cost pressures facing households has caused a cost of living crisis in the UK that has impacted us all, but in particular those who are most vulnerable in our communities who survive on lower incomes.

The Society has adapted quickly to these economic conditions, ensuring continued support for members, colleagues and communities through this difficult time. We have continued to implement our five-year strategic plan, investing in the business to ensure its future sustainability. While our strategy remains relevant, the economic uncertainty has led to the decision to reprioritise some key strategic initiatives.

### Clear prioritisation and focus on our members

As a mutual organisation, we seek to balance the interests of our savings and mortgage members. Interest rate increases impact upon the ability to pay of those mortgage borrowers who are on a variable rate or nearing the end of their fixed rate mortgage term and facing increases in their monthly payments. The Society sought to soften the blow to these members by only passing on 2% of bank rate increases to its standard variable rate during the year.

We also understand that the impact of higher mortgage rates could lead to financial difficulties for some and we have increased our team of dedicated specialists available to speak with those members concerned about their mortgage repayments. This helps to ensure that we continue to meet the individual needs of our members, providing tailored solutions that will support them through difficult times. The performance of our mortgage book remains strong with low levels of arrears. However, we will continue to monitor the impact on our members of rising interest rates and high inflation and respond with appropriate service and financial provisions.

While we have tried to minimise the impact of bank rate increases for our lending borrowers, we have also sought to increase returns for our savings members, protecting their interests. We have increased our savings rates across our range throughout the year, providing much needed returns to our existing loyal savers and attracting many new members to the organisation after a long period of historically low savings rates.



As a result of our member led focus, the Society has continued to grow successfully with mortgage book growth of 7.4% to £1.29bn (2022: £1.20bn) and retail shares growth of 17.0% in the year to £1.17bn (2022: £1.00bn). Retail deposits now fund 90% of the Society's mortgage book.

As we have outlined in our strategy, we plan to continue to support the communities in which we operate by increasing our branch footprint over the coming years, alongside the development of our digital capabilities. We were delighted to open a new flagship branch and administration hub in the centre of Cardiff in October 2022, building on the success of our Brecon branch that was opened in 2021.

In December 2021, we announced 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. Due to the current economic uncertainty in the marketplace, plans for this project have been stopped, until such time that launch of the community banking model will be safe and sustainable. Further information on the project can be found on the Society's website at [www.monbs.com](http://www.monbs.com).

## Communities

The Society's communities are made up of those areas within our heartland of South Wales, Powys and border counties. The Society seeks to support the communities in which it serves in many ways. Environmental, social and governance initiatives flow through our strategy and create significant engagement, supporting the Society's overarching strategic purpose. The Society continues to raise much needed awareness and funds for our charity partner Shelter Cymru as well as providing financial support to many other grass roots organisations through our Branching into Communities program.

The Society's Charitable Foundation was founded in 2000 and supports local community groups across South Wales and the South West of England. The foundation was relaunched in 2021 and in the last financial year made donations to 50 community groups charities and organisations of £45k (2022: £21k)

The Society's Social Responsibility Panel engages colleagues across the organisation to support local initiatives, share experiences and identify opportunities for change, all of which have a positive impact on the environment and our communities.

## And our colleagues

Colleagues are at the very heart of the success of Monmouthshire Building Society. Our personal service differentiates us from many of our competitors. We aim to create a positive environment for our colleagues, helping them grow professionally and personally while also remaining focused on the types of behaviours, skills, and capabilities the Society is going to need in the future. We continue to place focus on colleague attraction, retention and development through our people strategy in a challenging market.

The Society has launched an agile working strategy, providing equipment to colleagues 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. During the financial year, our administration hub in Cardiff was opened and our Newport Head Office was refurbished to accommodate this new working style. Both offices offer fantastic, modern facilities for our colleagues in support of this strategy.

## 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.

Net interest margin increased to 1.79% (2022: 1.40%), driven by the impact of the higher interest rate environment across the balance sheet, but in particular on the income derived from the Society's derivative instruments and liquid assets. The Society's statutory profit before tax was £12.0m (2022: £9.6m).

## Our Board

Julian Bill was appointed to the Board as an Executive Director on 1 August 2022. Julian is Chief Risk Officer at the Society and is responsible for Risk, Compliance and Governance within the Society. Julian's profile is included on page 19 and he will be up for election at our Annual General Meeting (AGM) on August 23 2022.

Tony Morgan will be retiring from the Board following the AGM. Tony has been a Board member at the Society since 2013 and has previously served as Vice-Chairman and Chair of the Audit Committee as well as on the Remuneration Committee. Tony has served the Society through a significant period of change and transformation and I would like to thank him for his significant contribution during that time.

I would like to record my thanks to the Board, the management team and all colleagues at the Society for their continued efforts and support in ensuring the continued success of our Society. I would also like to say thank you to you, our members, for your unwavering support, understanding and patience through some difficult times



**Roger Turner**

Chair

21 July 2023

Summary of Financial Ratios	2023 %	2022 %
Gross capital as a percentage of shares and borrowings	5.41	5.14
Liquid assets as a percentage of shares and borrowings	17.75	18.12
Profit for the year as a percentage of mean total assets	0.62	0.54
Management expenses as a percentage of mean total assets	1.46	1.10

Group Financial Position at the year end	2023 £000	2022 £000
<b>Assets</b>		
Liquid assets	270,886	255,426
Mortgages	1,291,270	1,201,963
Fixed and other assets	56,367	30,796
<b>Total assets</b>	<b>1,618,523</b>	<b>1,488,185</b>

<b>Liabilities</b>		
Shares	1,168,210	994,964
Borrowings	357,643	414,881
Other liabilities	10,129	5,881
Reserves	82,541	72,459
<b>Total liabilities</b>	<b>1,618,523</b>	<b>1,488,185</b>

Group income and expenditure account	2023 £000	2022 £000
Net interest receivable	27,748	20,108
Other income and charges	(40)	180
Administrative expenses	(22,722)	(15,772)
Loan loss provisions	(1,127)	660
Other provisions	(40)	(17)
Other fair value gains	8,205	4,481
Profit before tax	12,024	9,640
Taxation charge	(2,338)	(1,864)
Profit for the year after tax	9,686	7,776

## 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.

Approved by the Board of Directors on 21 July 2023.



Roger Turner



William Carroll

## 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.

# Independent Auditor's Report

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

## Opinion on the summary financial statement

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 2023 and conforms with the applicable requirements of section 76 of the Building Societies Act 1986 and regulations made under it.

We have examined the Summary Financial Statement of Monmouthshire Building Society ('the Group') for the year ended 30 April 2023, which comprises the Income statement and the Financial Position at the end of the year, together with the Summary Directors' report.

## 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 Group for the year ended 30 April 2023, 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 Group 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 Group for the year ended 30 April 2023.



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 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 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 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 Group's members, as a body, and to the Group'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 Group'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 Group and the Group's members as a body and the Group'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  
21 July 2023

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 2022/23 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 2023. 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:

### Non-Executive Directors

2023	Fees & salary	Performance related incentive scheme	Pension contributions	Taxable benefits	2023	2022
D R Lewis (Retired Aug 2022)	19	-	-	2	21	57
T Barratt	40	-	-	3	43	40
C I Brereton	37	-	-	5	42	10
M Evans	34	-	-	2	36	31
L McKenzie	40	-	-	1	41	35
A D Morgan	40	-	-	-	40	39
R D Turner	51	-	-	7	58	37

### Executive Directors

2023	Fees & salary	Performance related incentive scheme	Pension contributions	Taxable benefits	2023	2022
W J Carroll	225	38	30	12	305	275
D M Gunter	163	30	36	12	241	212
T Leach (Appointed 18.07.2022)	111	20	14	10	155	-
J Bill (Appointed 01.08.2022)	106	23	14	8	151	-

Loans to Directors

At 30 April 2023, one director (2022: one director) or persons connected with directors had mortgage loans granted in the ordinary course of business totalling £507k (2022: £529k). 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 2023, 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 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.



Liz McKenzie

Remuneration Committee Chair  
21 July 2023

Board of Directors and Officers

Chair and Non-Executive 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
Chief Financial Officer	T E Leach
Chief Risk Officer	J M Bill
Chief Technology and Innovation Officer	M Garrett
Chief Customer Officer	E Wilkins
Community Bank Programme Director	S A Phillips