



Members' Review 2021



Bath Building Society
We're different because you are

Front cover image: The Bath Building Society Balloon.
The theme for our Report this year is our community work
in the City.

Chairman's Report

For the year ended
31 December 2021

Despite having to cope with continuing operational challenges arising from the Covid 19 pandemic, Bath Building Society ('the Society') has delivered a satisfactory set of financial results.

Business Highlights



Society reserves up by 4.2% to

£42.0m

(2020: £40.3m);



Gross mortgage lending of

£49.2m

(2020: £60.6m)

which increased the Society's mortgage book by 0.7% to a record level of **£269.1m** (2020: £267.4m);

Shares and borrowings net inflow of

£6.3m

(2020: £18.6m)

which increased the Society's savings book by 2.0% to a record level of **£316.6m** (2020: £310.3m);

Society profit on ordinary activities before taxation reported at

£2.1m

(2020: £2.3m);

Liquid assets ratio of

27.3%

of shares and borrowings (2020: 26.4%);

Total assets of the Society increased by 2.2% to

£361.2m

(2020: £353.4m); and

Cases with arrears

more than 2 months:

11

(2020: 11).

The UK property market and the Society's mortgage business

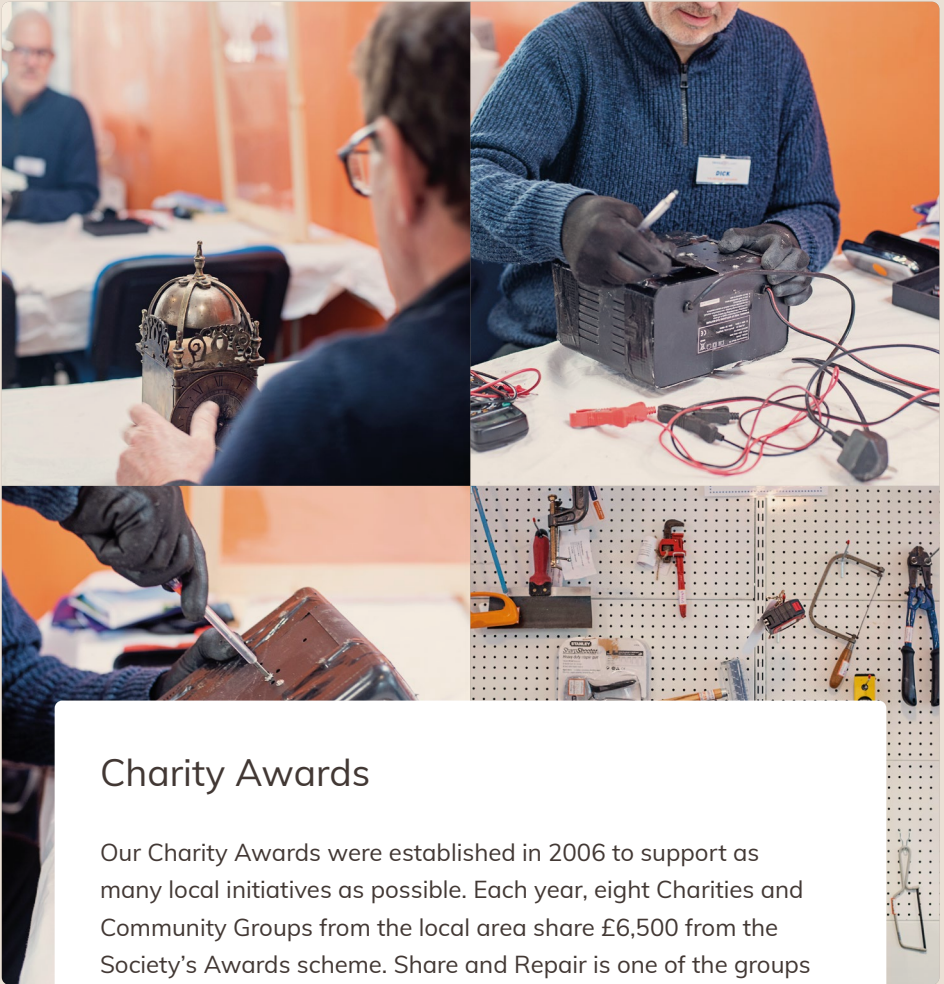
In 2021, the UK economy rebounded strongly once Covid lockdown measures were unwound. Demand for property remained robust and the shortage of supply of properties for sale resulted in property values growing strongly. The UK Government introduced a longer period of tapering to the removal of the Coronavirus Job Retention Scheme and the temporary lower rates of Stamp Duty. The extension of these measures undoubtedly further stimulated demand for property and subdued any potential growth in arrears.

Despite there being a strong market for mortgages, the Society's lending got off to a slow start in 2021 primarily as a result of having to restrict mortgage applications in the last quarter of 2020 as a measure to protect the welfare of its staff and to maintain its customer service standards. The Society reissued its full mortgage product range early in 2021 and over the course of the year its application volumes rose to the second highest level on record. The Society's conversion rate of mortgage applications to loan advances was however lower than in recent years due to more customers withdrawing their applications due to collapsing

property chains. A higher rate of applications also failed the Society's underwriting checks. Although this was disappointing, the Society always prioritises lending safely ahead of achieving growth targets. Despite the Society's gross lending performance for 2021 being the second highest that it has achieved in its history, a combination of high redemptions and large capital repayments resulted in net mortgage book growth that was behind the Society's budgetary expectations.

The impacts of Covid

Once lockdown measures were lifted, the Society experienced a higher level of staff absence due to Covid infection. Absence rates accelerated further when the Omicron variant was spreading rapidly throughout the UK population. Nevertheless, the Society always had sufficient people to ensure the effective functioning of all parts of the business throughout the year. Just like other businesses, the pandemic has resulted in some significant issues that are having to be carefully managed by the Society on an ongoing basis. These include having to catch up on postponed staff training programmes and having to carefully plan material levels of carried forward staff holidays from 2020.



Charity Awards

Our Charity Awards were established in 2006 to support as many local initiatives as possible. Each year, eight Charities and Community Groups from the local area share £6,500 from the Society's Awards scheme. Share and Repair is one of the groups that received money from us in 2021.

Share and Repair aims to help local people save money and the planet through reduce, repair and reuse. They do this through the Share and Repair Shop in central Bath – where their Library of Things is based – via monthly Repair Cafés and regular HOW TO workshops.

www.shareandrepair.org.uk

Risk management and prudential supervision

The Society is constantly evolving its risk management skills and systems in order to stay ahead of a rapidly changing risk environment where new threats continue to develop. In 2021 the Society made further enhancements to its principal risk management software and it improved its key internal processes that assess liquidity and capital risks.

The Prudential Regulation Authority (PRA) conducts an annual assessment of every bank and building society in the UK via a series of interviews with Executive and Non-Executive Directors. The Society's 2021 regulatory assessment focused on liquidity risk management and I am pleased to report that no substantial issues were raised.

Membership growth

The Society has a strategic ambition to grow its membership. It especially aims to attract new Members who are between the ages of 18-35 as it is committed to helping young adults in this age group to save. The Society achieved success in 2021 by both growing the size of its membership and by increasing the proportion of its Members from the 18-35 target range.

In 2021, the Society started to process the opening of new savings accounts digitally. This technology has cut down the time needed to open an account, either remotely or in our branches and agencies, from over one hour to less than 15 minutes. The vast majority of new savings accounts that were opened in 2021 were opened using digital onboarding and feedback from our customers indicates that the new process has been warmly welcomed. Survey evidence suggests that younger age groups do not assess financial services firms as being credible unless they offer a mobile app. As such, the Society is planning to launch a mobile app in 2022 that will support those amongst our savers and borrowers who wish to make use of it.

Business change, investment and restructure

The rapid pace of social and technological change is such that the Society cannot afford to stand still else it will risk losing its ability to compete effectively in the mortgage and savings markets. In 2021, the Society made substantial progress with its programme of business change. This aims to make the Society more efficient and capable of delivering higher levels of asset growth.

The Society's strong reserves and mutual status allow your Board to take a medium-term view on business investment. Lower profitability has been accepted in the short-term in order to fund greatly increased business investment in people, processes and technology that will drive benefits to the Society over the medium-term. The Society is planning to make further substantial investment in 2022 in order to push forward with a greater number of business transformation projects.

In 2021, the Board approved a high-level restructure of the Society's departments and senior executive roles. The restructure resulted in the creation of a new Commercial Department run by Chief Commercial Officer, Colin McDougall. This department has responsibility for all savings and mortgage business and associated marketing. A new Operations Department has also been created that is run by Chief Operations Officer, Jason Wilmot. This department covers mortgage processing, underwriting, information technology and business change.

The Society's Board of Directors

After nine years of stalwart service to the Society, Chris Smyth will step down from the Board at the forthcoming

Annual General Meeting. On behalf of his Board colleagues, I would like to thank him for his significant contribution as a Non-Executive Director and as Chair of the Board's Risk Committee. We wish him every success for the future. As part of Board succession planning, Kevin Hayes joined the Board as a Non-Executive Director on 1 January 2022.

I would like to acknowledge the continued support that the Society has received from its Members, agents, mortgage intermediaries and suppliers during what was another challenging year. Finally, I would like to thank the Society's staff for their hard work and professionalism. Their efforts over 2021 have delivered financial success and have advanced numerous strategic projects that are laying the foundations for a sustainable and profitable future.

Robert Derry-Evans

Chairman

4 March 2022



Citizen's Advice Bureau

"We're very grateful to Bath Building Society for their continued support. Since the start of the pandemic, we've anticipated a cost-of-living crisis and they are helping us to meet the needs of residents.

Right now, support for charities like ours is vital as thousands of residents in the region are struggling with debt and financial worries. These financial pressures are pushing people to the edge. Thanks to organisations like Bath Building Society, we are able to continue to challenge unfair payment notices, arrange suitable repayment plans, maximise our clients' benefits and more."

www.citizensadvicebanes.org.uk

Chief Executive's Report

For the year ended 31 December 2021

Mortgages

At the time of setting the Society's 2021 budgets, there existed an uncertainty around furlough arrangements and the possible negative impact that withdrawal of this support would have on employment and hence the demand for mortgages. The Society also planned to undertake a significant level of project work in 2021, much of it in the mortgage area, that would require a high level of input from key members of its mortgage team. These external and internal influences led the Board to establish a budget for 2021 with targeted levels of gross and net lending that were lower than had been achieved in 2020.

The Society's actual lending performance for 2021 was mixed. It surpassed its budgetary expectations regarding lending to home buyers, to those building their own homes, to those buying holiday properties and to those who were retired. However, Covid undoubtedly had an impact on demand for certain specialist mortgages within the Society's range. The rise of the UK staycation that came as a result of

Covid travel restrictions has encouraged buy to let landlords to switch investment away from secured shorthold tenancies towards more lucrative holiday letting. This was mirrored at the Society where advances for holiday let mortgages were strong but where demand for buy to let mortgages was weaker than anticipated. Covid has resulted in major disruption to student studies and to students' short-term requirements for accommodation in campus towns. Demand for the Society's specialist student mortgage dipped in 2021 as a result. Furthermore, the virus and its associated social distancing rules will have made individuals nervous about letting out spare rooms in their homes. This explains why demand for the Society's 'Rent a room' mortgage was also unexpectedly down on the previous year. At year-end, the Society's mortgage book stood at a record high of £269.1m (2020: £267.4m). Although this is to be celebrated, the net growth in the mortgage book of only £1.7m (2020: £19.7m) was significantly below expectations.

In 2021, the Society went live with a new software tool that has greatly reduced the time taken for its mortgage advisers to process customers' borrowing requirements. An improved interview process has been delivered which has been warmly welcomed by our customers. The Society is also now better placed to be able to process increased volumes of non-intermediary sourced business as adviser productivity has improved. Over 2021, the Society's mortgage colleagues were engaged in a major business change project that aims to streamline and speed up the processing of mortgage applications. The number of different application processing stages will be significantly reduced from around 50 to around 15. The first phase of this project is due to go live in the first quarter of 2022.

The Society has not experienced any increase in arrears resulting from granting payment deferrals to borrowers who requested them. The Society continues to take a firm but sympathetic approach to the management of arrears. The number of cases being two or more months in arrears remained stable at 11 (2020: 11). The number of cases requiring individual impairment charges has reduced to one

(2020: two). The Society had no properties in possession at year-end (2020: none).

With Covid remaining a serious problem over 2021, the Society sensibly restricted face to face visits to mortgage intermediaries and to mortgage clubs. Over the course of the year, mortgage intermediaries made significantly more use of the Webchat facility on the Society's website to make enquiries. This facility has now become the communication tool of choice for the Society's intermediaries.

For the time being, the Society has postponed the development of new mortgage products, deciding instead to prioritise and improve the pricing and fee structure associated with the current range and to focus its finite people resources towards delivering mortgage process improvements.

Savings

With net mortgage growth being weaker than expected, the Society had only a limited demand for new funding. Nevertheless, over the course of 2021 the Society grew its savings balances by £6.3m (2020: £18.6m). It also turned around a trend of decreasing membership that had been occurring

for several years and it made progress towards its strategic objective of growing the proportion of Members between the ages of 18-35.

The majority of new savers were recruited into the three regular saver products that the Society currently has on offer. The Society's Junior Cash ISA (JISA) was also exceptionally successful in achieving growth in young Members below the age of 18. The Society won the award for Best JISA Provider by Savings Champion and was also a finalist in their awards for Best Building Society and Best Multi-Channel Savings Provider. The Society had to delay the intended 2021 launch of a new Lifetime ISA (LISA) product due to problems beyond its control associated with its core system provider. The revised aim is to launch the LISA product in 2022.

The Society sets tough internal service standards for handling incoming telephone calls and Webchat enquiries. I am pleased to report that servicing data indicates that the Society is now answering a greater volume of enquiries from our savers and is answering them more quickly than was the case in previous years.

The Society continues to survey the

opinions of savings customers who use the Society's website and who are prepared to be surveyed via Smart Money People. The Society also measures its Net Promoter Score (NPS) which in simple terms is a measure that compares positive and negative views of the Society. Data from 389 participants in the survey resulted in an NPS of 83.5. With an NPS of 70 or above considered to be excellent, these results are very encouraging. The participants in the surveys especially mentioned good service, helpful staff and the absence of waiting times as particular strengths. The Society does not intend to rest on its laurels however and will maintain a focus on improving customer service where it can.

The Society launched a significantly improved website in the early months of the 2021. Navigation around the site has been tremendously improved and the information contained within the site has been made significantly more useful to those browsing. The Society is now employing website optimisation techniques to ensure that the Society's web address comes towards the top of the list when customer searches are conducted. This has resulted in a material increase in enquiries made from customers

using the website. The Society has the intention of further enhancing its website in 2022 by including a mortgage affordability tool and a mortgage decision in principle tool to improve the experience for both mortgage brokers and customers.

A strategic review of the Society's branch and agency network was conducted in 2021 given the reduction in customer footfall since the start of the pandemic and the rising costs associated with maintaining retail financial services outlets. The future of the Society's two branches in Bath is secure for the medium term and investment in branch refurbishment work is planned for 2022. The Society's agency in Shaftesbury was closed in 2021.

Finance and treasury

The Society uses interest rate swap contracts to hedge interest rate risk arising from fixed rate mortgages. In the aftermath of the banking crash, the London Inter Bank Offer Rate (LIBOR) became discredited as a mechanism for use in interest rate risk hedging contracts and as a result the Bank of England had determined that businesses should move to replace LIBOR in 2021

with the Sterling Overnight Index Average (SONIA). Ahead of the deadline for implementing the regulatory requirement, the Society switched all of its LIBOR based interest rate swap contracts onto the new SONIA basis.

In 2021, the Society invested in new software to aid the processing of purchase invoices and expense claims. This has reduced processing time in the Society's Finance Department and has made a contribution to the Society's strategic objective of improving productivity across all business functions.

Environment, social and governance

The Society conducts an annual exercise to measure the likely impact of climate change on each of its mortgaged properties. The results of this survey indicate that the Society does not have a substantial or disproportionate exposure to physical risk of climate change. The survey does however show that the average Energy Performance Certificate (EPC) rating for the Society's properties under mortgage are lower than the average EPC rating for all banks and building societies. The Society is investigating whether an opportunity



Carol Service, The Rotary Club of Bath

The Rotary Club of Bath reached its Centenary Anniversary in 2021, a milestone which celebrated 100 years of service to the city and people of Bath. The aim of the Rotary Club is to raise money to support organisations which aid the needy. It does so by staging events which bring enjoyment to thousands of people, one of those being the Carol Service at The Bath Abbey. 2021 was the 73rd year of the service in the city.

www.rotary-bath.co.uk

exists to develop some form of 'green' finance to help our borrowers improve the energy efficiency of their homes.

The Society has established an internal Environmental Impact Working Group (EWG) to look at ways in which the Society can reduce waste and its carbon footprint. The Society currently measures its direct and indirect emissions of carbon and the EWG will be considering possibilities for credible carbon offset arrangements.

In 2021, the Society changed the way in which it appoints its Charity of the Year. Society colleagues are initially asked to suggest suitable charities for the position. A shortlist is then selected by the Chief Executive before it is put to our Members and all colleagues for a vote. In 2021 the winning charity was BillyChip which aims to support rough sleepers through gifts of food and warm drinks. BillyChip will remain the Society's Charity of the Year until 31 December 2022.

The Society continues to support the provision of financial education to sixth formers in Bath state schools in partnership with WizeUp, a charity that specialises in providing this

valued service. Over the course of 2021 face to face and online sessions were provided to four schools and over 600 students benefited from the programme.

The Society again sponsored the Fireworks Safety Poster Competition which is organised by the Rotary Club of Bath. The fireworks display that is normally held on Bath Recreation Ground was again cancelled due to Covid.

A virtual selection process was used to select 11 winning applications for the Society's 2021 small Charities Awards. This scheme is now in its 15th year and it continues to provide local charities with small grants that make a real difference to their operations.

The Society supported a number of Bath based organisations and events that either raise significant sums for charities or simply improve the quality of life for those living in the City of Bath. In 2021, the Society supported Bath Citizens Advice, the Bath Boules tournament, Bath in Bloom and the Rotary Christmas Carol Service held in the splendour of Bath Abbey.

Thirty-five tickets for hot air balloon flights were awarded to local good causes over 2021. The familiar sight

of the Bath Building Society balloon flying over Bath and the surrounding area has sadly become a thing of the past however, as the owner and operator of the balloon has now retired. We thank him for his support over many years and wish him a well-earned retirement.

In 2022, the Society will be starting a major partnership with Team Bath, the University of Bath's elite sports team. This partnership offers the Society an excellent opportunity to promote its name and products to a larger audience and will enable it to benefit from wider TV coverage of Team Bath events and sporting successes.

With the exception of Northern Ireland, the Society is increasingly operating throughout the United Kingdom. It recognises that greater diversity of people and thinking are positive goals to strive for as these will allow us to operate more effectively in the increasingly diverse communities where we are represented and that ultimately this will help to deliver future success.

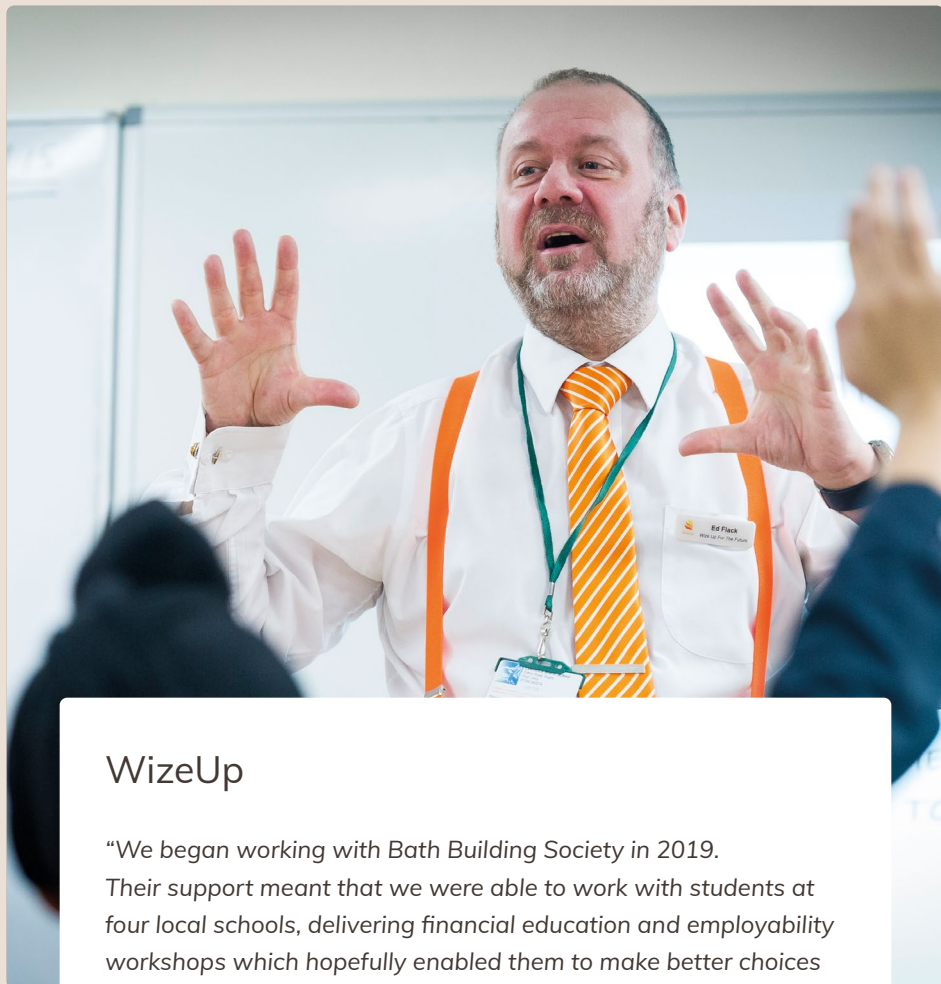
As my fourth year as Chief Executive comes to an end, I would like to thank all of our colleagues for their hard work and support in what was

another challenging period. Over 2021, the Society made real progress with its strategic objectives. It has delivered growth in its membership and its assets, and recorded good profitability. Above all, it continues to put its Members' interests at the heart of everything it does.

Kevin Gray

Chief Executive

4 March 2022



WizeUp

"We began working with Bath Building Society in 2019. Their support meant that we were able to work with students at four local schools, delivering financial education and employability workshops which hopefully enabled them to make better choices when it came to personal finance. Since then their support has continued to grow despite the challenges of Covid and it now means that we can work together in supporting 11 local schools, both mainstream and specialist, as well as working together with Project Search at Bath College. We are only as good as our sponsors and I am proud to say that Bath Building Society is our biggest single supporter in the Building Society sector!"

www.wizeupfinancialeducation.co.uk

Our Charity of the Year

Bath Building Society's charity of the year is BillyChip, an innovative social enterprise which offers a cashless currency for the homeless.



BillyChip is a homeless currency, with the aim of empowering rough sleepers.

The platform

allows members of the public to purchase a BillyChip token from participating food and drink outlets which can be given to rough sleepers and homeless people as an alternative to cash. They can then redeem the BillyChip for food, drink and other products.

BillyChip was founded in Bristol in 2018 to continue the legacy of Billy Abernethy-Hope, a 20-year-old ambulance driver from Bristol.

After helping support the homeless, Billy felt disheartened at how little the general public gave to local homeless people. Although many make regular charitable donations, Billy was surprised at the small percentage of donations given directly to people living rough, for fear of the money being used for drugs or alcohol. The BillyChip

offers a solution, delivering kindness, compassion and food and drink to homeless people in the UK.

The BillyChip Foundation was established by Meg Abernethy-Hope, Billy's sister, and Jon Hope, Billy's father.

Going national

BillyChip has expanded across the South West and is attracting interest around the UK. Kindly supported by Arthur David Food Service, who offer a national distribution service, the aim is to encourage new outlets across the country to sign up.

Outlets joining the scheme receive a starter pack containing BillyChips and point of sale materials. Each month, they can log on to the BillyChip app, enter details of chips sold, receive a contribution towards their costs and order their next batch of tokens. Volunteers are helping spread the word too, encouraging their local outlets to get involved.

Homelessness didn't end with Covid

The Government provided temporary support for rough sleepers during the pandemic but in many parts of the UK the issue is now worse, especially with many people continuing to work from home and spending less time in town and city centres, which means there's less awareness of the problem. Although BillyChip is not the solution to homelessness, it can play a huge part in supporting those living rough.

How can you help?

BillyChip needs more outlets, coffee shops, restaurants and shops to adopt the concept and start offering Chips locally. To support this, they need more volunteers to spread the word or develop links with outlets in towns and cities across the UK.

To find out more about BillyChip or to sign up as an outlet or volunteer, visit www.Billychip.com.

“You’re fabulous and don’t you ever forget it!” Billy’s phrase is printed on every BillyChip because the words don’t just mean a lot to us as his family, they send a clear message to the person buying or exchanging the chip too.





Boules

Taking place in the heart of Bath each year, the much-loved and longstanding Bath Boules tournament weekend is all about having fun whilst fundraising! The Society has been a Little Sponsor of the event for the last nine years.

The Boules has contributed over £650,000 to local charities in its first 29 years. Bath Boules 2021 was the 30th year and raised a total of £27,891. All proceeds raised from it are distributed via the Bath Boules Trust to local charities. Bath Boules will be held in Queen Square on 22-24 July 2022.

www.bathboules.com/charity



Bath Balloons

Some of you may have seen our balloon in the city's skies over the years and 2021 was the last year for it. Bath Balloons has looked after the balloon for almost 40 years and the person who ran the company retired at the end of 2021; along with our balloon! Over the years we have given out 35 flights a year to charities and community groups so that they can raise money through auctions or raffles.

Report of the Directors on Remuneration

For the year ended 31 December 2021

Unaudited information

The following Report of the Directors on Remuneration will be put to an advisory vote of the Members at the forthcoming Annual General Meeting.

The Board has due regard to the principles outlined in the UK Corporate Governance Code 2018 relating to the setting of remuneration.

Level and components of remuneration

The Society's Remuneration Policy is to reward Directors through salary according to their expertise, experience and contribution. The Society also carries out benchmarking against other comparable organisations.

Executive Directors' emoluments

The remuneration arrangement for Executive Directors consists of basic salary, annual bonus, pension and other benefits. The Executive Directors do not hold outside directorships that

provide an income for the benefit of themselves.

The Remuneration Committee designs the Executive Directors' bonus scheme to align the interests of Executive Directors with the interests of Members and provide incentives that recognise corporate and personal performance. If a range of challenging personal and operational targets is achieved, the Executive Directors can achieve a bonus of 10% of basic salary. The Committee has the discretion to reward the Executive Directors an additional bonus element equivalent to a maximum of 5% of basic salary if collective exceptional performance is deemed to be delivered.

The Executive Directors benefit from a pension scheme whereby the Society contributes 12% of basic salary per annum to a money purchase scheme. The Society operates no final salary pension arrangements.

Kevin Gray receives the benefit of a company car. Tonia Lovell and

Tom Leach received the benefit of a car allowance. Kevin Gray, Tom Leach and Tonia Lovell received the benefit of health insurance. The aggregate amount of these benefits is included in Table 2.

Executive Directors' contractual terms

Each Executive Director has a service contract with the Society, terminable by either party giving six months' notice.

Non-Executive Directors

The level of fees payable to Non-Executive Directors is assessed by the Remuneration Committee using information from comparable organisations. These fees are not pensionable. Non-Executive Directors do not participate in any bonus schemes and they do not receive any other benefits. Details of Non-Executive Directors' emoluments are set out in Table 3.

The terms of appointment letter for each Non-Executive Director specifies that either party giving one month's notice may terminate the agreement.

Procedure for determining remuneration

Angela Cha, Fionnuala Earley and Robert Derry-Evans constitute the Remuneration Committee. The committee is responsible for setting Executive Director remuneration and Non-Executive Director fees.

After a review of the responsibilities and workload of Non-Executive Directors, the committee approved a 4% rise in fees for 2022.

The Remuneration Committee reviews Executive Directors' basic salaries on an annual basis, by reference to jobs carrying similar responsibilities in comparable organisations and local market conditions generally.

On behalf of the Remuneration Committee

Robert Derry-Evans

Chairman
4 March 2022

Table 2: Executive Directors' Emoluments

2021	Basic salary	Annual bonus	Benefits	Pension contributions	Total 2021
	£	£	£	£	£
Kevin Gray	165,241	9,927	8,685	19,829	203,682
Tonia Lovell	94,279	5,664	7,158	11,313	118,414
Tom Leach	128,746	8,379	6,833	15,450	159,408
TOTAL 2021	388,266	23,970	22,676	46,592	481,504
2020	Basic salary	Annual bonus	Benefits	Pension contributions	Total 2020
	£	£	£	£	£
Kevin Gray	162,541	16,300	10,978	19,505	209,324
Tonia Lovell	92,750	9,300	6,890	11,130	120,070
Tom Leach	126,625	12,700	6,630	15,195	161,150
TOTAL 2020	381,916	38,300	24,498	45,830	490,544

Table 3: Non-Executive Directors' Emoluments

(comprising fees only)

	2021	2020
	£	£
Robert Derry-Evans (Society Chairman)	37,905	37,136
Chris Smyth (Society Vice-Chairman)	30,496	29,275
Angela Cha	27,788	26,524
Fionnuala Earley	27,121	26,524
Joanne Evans	27,788	-
Denzil Stirk (retired 26 April 2021)	8,582	26,524
David Smith	30,829	29,275
TOTAL	190,509	175,258

Note: Joanne Evans was appointed on 1 January 2021 and as such did not receive any remuneration in 2020. Kevin Hayes was appointed on 1 January 2022 and as such did not receive any remuneration in either 2020 or 2021.

Summary Financial Statement

This Financial Statement is a summary of information in the audited Annual Accounts, the 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 Bath Building Society from 15 April 2022.

Summary Directors' Report

The information required to be presented within the summary Directors' Report is given in the Chief Executive's Review on pages 7 to 13.

Summary income statement

Results for the year ended 31 December 2021

	2021	2020
	£000	£000
Net interest receivable	7,617	7,510
Other income and charges	35	(350)
Administrative expenses	(5,443)	(4,871)
Impairment charge on loans and advances to customers	(73)	(9)
Provision for other liabilities and charges	(10)	(10)
Loss on sale of investment property	-	(1)
Operating profit and profit before taxation	2,126	2,269
Tax on profit on ordinary activities	(483)	(445)
Profit for the year	1,643	1,824

Summary balance sheet

Results for the year ended 31 December 2021

	2021	2020
	£000	£000
Assets		
Liquid assets	86,419	81,823
Mortgages	269,127	267,432
Fixed and other assets	5,698	4,135
Total assets	361,244	353,390
Liabilities		
Shares	256,515	247,474
Borrowings	60,083	62,865
Other liabilities	2,690	2,785
General reserve	41,001	39,358
Revaluation reserve	955	908
Total liabilities	361,244	353,390

Key financial ratios

	2021	2020
	%	%
Gross capital as a percentage of shares and borrowings	13.3	13.0
Liquid assets as a percentage of shares and borrowings	27.3	26.4
Profit for the year as a percentage of mean total assets	0.46	0.53
Management expenses as a percentage of mean total assets	1.52	1.42

Approved by the Board of Directors on 4 March 2022 and signed on its behalf by:

Robert Derry-Evans
Chairman

Kevin Gray
Chief Executive

Tom Leach
Chief Financial Officer

Notes to the Summary Financial Statement

1. The gross capital ratio measures the Society's capital as a proportion of its shares and borrowings. The Society's gross capital comprises reserves, including revaluation reserve, which have been accumulated over many years and provides a relative indicator of the Society's financial stability.
2. The liquid assets ratio represents the total of cash, debt securities and short-term deposits held by the Society, as a proportion of the Society's shares and borrowings. Cash, debt securities and investments are held by the Society for prudential purposes in order to meet investor withdrawals from their accounts, make mortgage advances to borrowers and to fund general business activities.
3. Profit for the year as a percentage of mean total assets represents the Society's profit for the year (after tax) as a proportion of the average of the total assets at the start and end of the year. The Society needs to make a reasonable level of profit each year in order to maintain its gross capital ratio at a suitable level to protect savers. The Directors believe the profit for the year is consistent with the aims of mutuality.
4. The management expenses ratio measures the proportion that the Society's administrative expenses bear to the average of the Society's total assets during the year.
5. Bath Building Society prepared its Financial Statements for the year ended 31 December 2021 in accordance with Financial Reporting Standard 102 (FRS 102) as issued by the Financial Reporting Council.



3SG

3SG is an independent membership network of over 170 third sector organisations working across Bath and North East Somerset. They also became a volunteer response service to the pandemic and have recruited over 3,000 local volunteers in total since 2020. Led by Sarah Williams-Martin, these incredible volunteers carried out over £100,000 worth of food and medication deliveries for people isolating. Whilst this service has now ended, many of the volunteers stayed with 3SG to support the Bath Racecourse Large Vaccination Centre, which celebrated its year anniversary in January 2022. These volunteers are absolute heroes, with some carrying out over 100 shifts at the Racecourse in less than a year!

www.3sg.org.uk

Independent auditors' statement on the Summary Financial Statement to the Members of Bath Investment & Building Society

We have examined the Summary Financial Statement of Bath Investment & Building Society (the 'Society') set out on pages 22 to 23, which comprises the summary income statement, the summary balance sheet as at 31 December 2021 and a summary of key financial ratios.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Summary Financial Statement, in accordance with the Building Societies Act 1986.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement with the full Annual Accounts, the Annual

Business Statement and the Directors' Report and its compliance with the relevant requirements of Section 76 of the Building Societies Act 1986 and the regulations made under it.

We also read the other information contained in the Summary Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement. The other information comprises only the Chairman's Report, the Chief Executive's Report and the Report of the Directors on Remuneration.

This statement, including the opinion, has been prepared for and only for the Society's members as a body in

accordance with Section 76 of the Building Societies Act 1986 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**PricewaterhouseCoopers
LLP Chartered Accountants
and Statutory Auditors**
Bristol
4 March 2022

Basis of opinion

Our examination involved agreeing the balances in the Summary Financial Statement to the full Annual Accounts. Our report on the Society's full Annual Accounts describes the basis of our audit opinion on those Annual Accounts, the Annual Business Statement and the Directors' Report.

Opinion

In our opinion the Summary Financial Statement is consistent with the full Annual Accounts, the Annual Business Statement and the Directors' Report of Bath Investment & Building Society for the year ended 31 December 2021 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986, and the regulations made under it.

Notice of Annual General Meeting

The 118th Annual General Meeting (AGM) of the Members of Bath Investment & Building Society will be held on Thursday 28 April in the Abbey Room at The Hilton Hotel in Bath at 12 noon for the following purposes:

1. To receive the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31 December 2021.
2. To consider an Ordinary Resolution to appoint PricewaterhouseCoopers LLP as Auditor of the Society, to hold office until the conclusion of the next AGM, at which accounts are laid before the Society and their remuneration be fixed by the Directors.
3. To consider an Ordinary Resolution to approve the Directors' Remuneration Report.
4. To elect Kevin Hayes.
5. To re-elect Angela Cha.
6. To re-elect Robert Derry-Evans.
7. To re-elect Fionnuala Earley.
8. To re-elect Joanne Evans.
9. To re-elect Kevin Gray.
10. To re-elect Tom Leach.
11. To re-elect Tonia Lovell.
12. To re-elect David Smith.
13. To transact any other business permitted by the Rules of the Society.

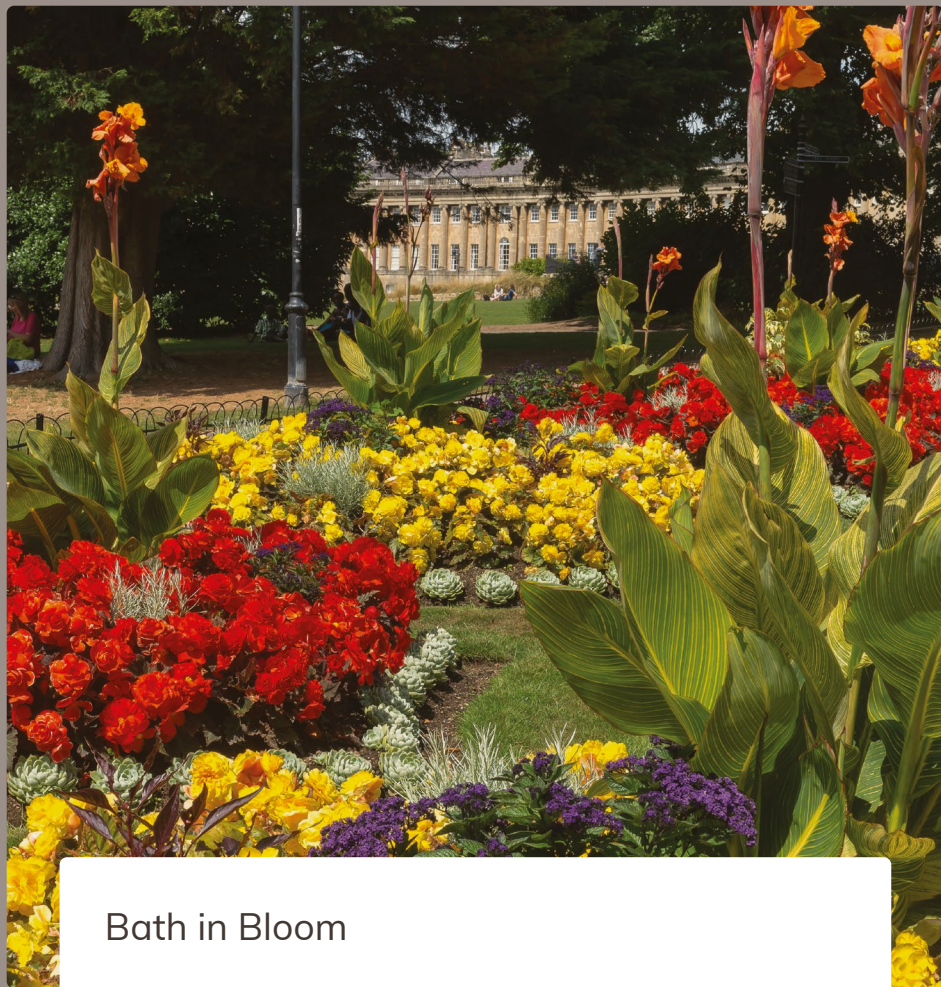
By Order of the Board

Tonia Lovell
Society Secretary
4 March 2022

Notes

These notes form part of the Notice of the Meeting.

1. Under the Society 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 Chairman of the meeting or anyone else as your proxy. Your proxy may vote for you at the meeting but only on a poll. Your proxy, if other than the Chairman, may not speak at the meeting except in demanding a poll. You may instruct your proxy how to vote at the meeting. Please read the instructions on the proxy form. The voting date is the date of the meeting; Thursday 28 April 2022, if voting in person, and Thursday 21 April 2022 if voting by proxy. In order to attend and vote at the meeting, or appoint a proxy, you must qualify to vote.
2. To qualify as a voting shareholding Member, you must be an individual of at least 18 years of age on the voting date; have held shares in the Society to the value of at least £100 at 31 December 2021 and continue to hold shares at the voting date; and be the first named on the account in our records.
3. To qualify as a voting borrowing Member you must be an individual of at least 18 years of age on the voting date; have held a mortgage in the Society to the value of at least £100 at 31 December 2021 and hold a mortgage at the voting date; and be the first named on the account in our records.
4. You can only vote once as a Member, irrespective of the number of accounts you hold, whether you hold accounts in different capacities and whether you qualify to vote as both a shareholding and borrowing Member.
5. Item 3 in the Notice of Meeting relates to a Resolution for Members to vote on the Directors' Remuneration Report for 2021. As a Building Society we are not obliged to ask Members to vote on this but in accordance with best practice we are asking for an advisory vote and the Board will consider the result and decide what action, if any, will be appropriate.
6. Items 4 to 12 in the Notice of the Meeting relate to Resolutions for election and re-election of Directors. In line with the UK Corporate Governance Code 2018, all Directors stand for re-election on an annual basis.
7. If you wish to appoint a proxy other than the Chairman please contact us at AGM@bibs.co.uk



Bath in Bloom

The role of Bath in Bloom is to enhance the local area through gardening. Bath in Bloom runs a gardening competition for gardeners and schools across Bath and North East Somerset. They support community groups with a few small grants each year and local community gardening initiatives. Bath always does well in the Britain in Bloom South West competition and won gold in 2021. Bath is a finalist in Britain in Bloom 2022.

www.bathinbloom.org

Director Profiles

This is the profile of the Director to be elected to the Board.

Kevin Hayes

Kevin joined the Board as a Non-Executive Director in January 2022 and is also a member of the Risk Committee. Kevin started his career in Banking after a brief stint as a professional cricketer and has run a number of different business units in both Commercial Banking and Asset Finance. He moved into Risk Management in 2010 on joining Secure Trust Bank and became Chief Risk Officer when assisting in their main market flotation. He has lived in the South West for 25 years and is married with two adult sons.



These are the profiles of the Directors to be re-elected to the Board.



Angela Cha

Angela joined the Board as a Non-Executive Director in 2014. She is Chair of the Remuneration Committee and is a member of the Audit and Nominations Committees.

As a Solicitor with 30 years' experience, Angela has worked with clients to provide commercial, legal and risk management advice, particularly clients in the financial services sector. She is a former partner of Pinsent Masons, where she spent the majority of her legal profession. In addition to her legal career she has served on the Fundraising Committee of the NSPCC and is a co-opted member of its Audit and Risk Committee.



David Smith

A Chartered Accountant, David was appointed to the Board as a Non-Executive Director in January 2016 and re-appointed in 2019. He is Chair of the Audit Committee and a member of the Nomination Committee. David was a financial services partner with KPMG in London from 1995 to 2006 having joined the firm in 1983. He was Head of Group Audit at Man Group plc, an alternative asset Manager for six years; and then completed a six-year term as independent member of The Health Foundation, a major charity. He is a Governor (and Chair of Finance) of a primary school in East London.

Fionnuala Earley

Fionnuala was appointed to the Board as a Non-Executive Director in January 2018 and is currently a member of the Audit Committee and the Remuneration Committee. Fionnuala is an economist and has spent most of her career as a specialist in housing market economics. She has experience of the industry from many perspectives having worked in both the mutual and non-mutual mortgage lending sector, and for the UK financial services regulator.



Joanne Evans

Joanne joined the Board as a Non-Executive Director in 2021 and is also a member of the Risk Committee. Joanne's career started as a management trainee at a Building Society and has since focussed on risk management in financial services having worked at the UK financial services regulator, a number of banks and in the life and pension sector. Joanne is also a Non-Executive Director at a UK life assurance company.





Kevin Gray

Kevin joined the Society in 1998 in the position of Society Secretary. He was promoted to the Board of Directors in 2002 and was appointed as Deputy Chief Executive in 2006. From 2004 to 2018, Kevin held the position of Group Finance Director and was also head of the Society's Savings Department until 2012. Kevin has been the Society's Chief Executive since April 2018.

Although originally from Scotland, Kevin has lived in Wiltshire for over 30 years. He has two daughters and five dogs. His hobbies include skiing, walking, vegetable gardening, playing the guitar and watching Bath Rugby.



Robert Derry-Evans

Robert joined the Board in June 2014 and became Chairman in January 2015. He is Chairman of the Nominations Committee and a member of the Risk and Remuneration Committees.

Robert is a Solicitor and was a partner for 23 years at the City of London firm CMS Cameron McKenna specialising in Corporate Finance and Project Finance.

He is now a director and shareholder of Omnia Legal, a solicitor's practice in Bath and is a trustee of the Bath Philharmonic.

Robert lives in Bath and is married with three adult daughters.

Tom Leach

Tom joined the Board in April 2018 with responsibility for the Society's finance function. Tom chairs the Society's Credit Committee and sits on its Assets and Liabilities, Conduct and Operations and IT and Operational Resilience Committees. Tom started his career at Deloitte in 2002 and qualified as a chartered accountant in 2005. He subsequently joined Principality Building Society, initially as a management accountant, before moving on to the role of Group Financial Controller. Tom is married with three children, and outside of work enjoys running, watching rugby and long dog walks with his family.



Tonia Lovell

Tonia is a Chartered Secretary and Governance Professional and member of the Board. She has been with the Society since May 2008 and has responsibility for risk management, the outsourced Internal Audit function, compliance and facilities. Tonia also manages the governance arrangements for the Society and is Chair of the IT & Operational Resilience Management Committee.



Tonia has lived in the Bath area all her life, she is married, has two grown up daughters and two grandchildren that keep her very busy!



We're different because you are

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mortgages@bibs.co.uk

Telephone calls may be recorded to help the Society to maintain high standards of service delivery.

Bath Investment & Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority, Registration Number 206026.

