

Your Society

Spring 2021

The Society lit
up in blue proudly
supporting
the NHS



Welcome

to our review of 2020

Last year was the Society's 150th anniversary - and what an anniversary year it turned out to be.

Everyone faced new challenges in 2020 and those challenges brought the Society's values into clear focus. The health of our members and staff is paramount and in the face of the pandemic we quickly adapted our services, with most staff moving to home working and our branches adopting Covid-safe operations. I want to thank the whole MHBS team for their commitment in successfully making these changes and to thank you, our members, for your understanding of the new restrictions we are working under.

Despite the pandemic, the Society had a strong year with healthy mortgage advances (£94m), significant net receipts in savings (£22m) and good profits. Although some mortgage members suffered reductions in their incomes, our mortgage portfolio performed well and mortgage holidays (used to get over temporary cash flow issues) were mostly short lived. At the same time, lockdown saw our overall savings balances rise as consumer spending fell - but activity restarted in the autumn with a jump in new mortgages and a return to more normal patterns of savings withdrawal.

Despite the new working arrangements, good progress has been made on major projects in savings and mortgages - building better processes for our members and staff.

2020 was a year of notable change on the Board. Nick Johnston, our Chairman, retired in April and Michael Thomas stepped up from Vice-Chair. In addition, we welcomed two new Non-Executive Directors; David Stunell and Nala Worsfold. They both bring valuable expertise in financial services and a passion for MHBS.

A year ago I reported that we were "150 years strong" - 2020 has proved that strength in both our people and finances. I hope you enjoy reading this report to members and have a happy and healthy 2021.

**Mark Robinson – Chief Executive
March 2021**

"Your Society had a strong year"



Results for 2020



Lending **£94m**
in new mortgages



MHBS Charitable
Foundation donated
over **£34,700**



Our Charity of the Year,
Air Ambulance



Net retail
inflow **£22m**



3,829 miles covered by
the Society's employees in
the November Challenge



90% of members
would recommend
us to others

150 years strong...

shaped by our traditional values

In 2020 the Society celebrated being 150 years strong. We chose the word "strong" rather than "old" as it's a testament to our resilience to reach this milestone. So it's a good time to reflect on our origins.

Imagine Market Harborough in 1870, when our first meeting was held in the "Small Room" of the Corn Exchange. The Society's aim was to be a membership-based business giving help with saving and the funding of home purchases. That purpose remains central today.

As the membership grew, our office moved to the New Hall, Sheep Market, with meetings every fortnight to collect subscriptions (regular savings) from members. We still have these ledgers today – all in flowing manuscript. In 1879, J.W. Newcombe was appointed as Secretary (equivalent to Chief Executive) and it was then we moved to St Mary's Road. We stayed in this office until 1910. It was here that we were incorporated under the Building Societies Act, 1874.

I wonder if the founders imagined that 150 years after their initiative, MHBS would be sticking by that original purpose in a world wholly changed. We may have swapped quill pens for touch screens but the values remain unchanged.

We've faced many challenges over the years, from the great depression of the late 1920s to the financial crisis of the 2000s, and now Covid. We are proud to have come through all these and be financially strong and award winning – most recently as Harborough Business of the Year in 2020.

2020 was not quite the year we had planned. Our official birthday on 14 July was "business as usual" and we had to cancel or postpone a lot of our celebrations. We were proud to add our '150 years strong' logo to our literature, engage with you via social media and our website but often in socially distanced "face-to-face" meetings.

We hope to celebrate with you later this year, if and when it is safe to do so.

Thank you for being part of our journey so far...



Savings

It's been a rather depressing decade for savers. Bank of England base rate has remained at record low levels since the global financial crisis in 2008, and it fell further in 2020 - to just 0.1%. As we start 2021 there is talk of bank rate "going negative" to stimulate the economy. A negative interest rate implies being charged for holding money and your building society would likely be charged for its deposits with the Bank of England. But what does a negative bank rate mean for savers?

As a mutual, MHBS has consistently protected savers from rate cuts, delaying so called "passing on" of base rate cuts. In 2020, the 0.65% reduction was absorbed for most of the year. If Base rate falls further this year (and possibly below zero), we will do the same and will not charge savers for keeping their savings with the Society. We value members and want to play our small part in encouraging a savings culture.

We continually review our savings rates to ensure they remain competitive. We encourage our members to browse independent comparison sites to compare rates, when considering their options following a rate change.

The branch teams play an important role in the savings experience and despite COVID-19 we continue to operate passbooks as well as card reading devices. However, the safety of our members and colleagues was our top priority in 2020. We encouraged members to manage their money from home if possible, and saw a 30% increase in 'Online Service' registrations.



We are Cyber Essentials Plus certified

Cyber security is high on our agenda, which is why we are proud to be part of the government-backed Cyber Essentials initiative alongside our other cyber defences.



Let's work together to reduce the risk of fraud. You can add a nominated bank account to your savings account. Once you've added this account, you will be able to transfer money directly to it via our 'Online Service' or at any branch; this offers greater security than using cash or cheque.



TO STOP FRAUD™

To find out more about the Take Five campaign visit takefive-stopfraud.org.uk

Mortgages

Despite the challenges of the pandemic, we remained open for business in 2020 and continued to support our members and intermediary partners. Processes and procedures were adapted to home working (saving time and paper) and we advanced a solid £94m of new loans. Our Mortgage Support Team helped members who were affected financially, providing solutions for their individual circumstances.

We continued to offer innovative products and supported members taking advantage of the reduction in Stamp Duty. We pride ourselves on having real people making sensible decisions, and by manually underwriting each case, we are able to provide customised and bespoke mortgage solutions. We understand that people's lives are becoming increasingly complex and that sometimes this can make getting a mortgage difficult. Our common-sense approach to lending means we look for solutions to help people achieve their objectives, rather than relying on an impersonal, automated approach.

Our five-star feefo ratings and testimonials suggest we are getting it right.

feefo ★★★★★
Independent Service Rating

(March 2021)



Bridging finance

We continued to develop our bridging service last year. Bridging finance or 'short-term lending' is a useful way to reach your new home goals quickly and without having to wait to sell your current property first.

We've got a specialist team ready to answer any questions for those considering bridging finance and they have now helped many of our members achieve this dream.

"I am hugely grateful to you for your calm and clear assistance to us. You are the only professionals we have dealt with who have consistently offered great service and accomplished what you said you would within the time frame given. The support we have received has been fantastic".

Helena Roberts



Charitable Foundation

Our Charitable Foundation has recently celebrated its 20th year since its incorporation in 1999. In the last 20 years, the foundation has been proud to support almost 400 local charities with grants totalling £298,000. The foundation was created to support voluntary and charitable organisations across Leicestershire, Northamptonshire and Rutland. We look forward to continuing this support for the next 20 years and beyond.

In 2020, community groups across the area have benefited from £34,700 of funding from the Charitable Foundation. Recognising particular needs, grants were made to help organisations meet increased demand during the pandemic.

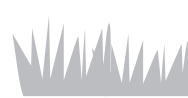
- ✦ WizeUp – provides valuable financial education to students, with Robert Smyth Academy benefiting during the year
- ✦ Market Harborough Chess Club – new chess equipment
- ✦ Cransley Sailing Club – clubhouse refurbishment
- ✦ Lowick & Slipton Parish Council – defibrillator
- ✦ Sibbertoft Reading Room – new roller blinds
- ✦ Hallaton Primary School – artificial grass for new outdoor play area
- ✦ Women’s Aid Leicestershire – furniture and equipment for refuges (COVID-19 funding)

- ✦ Leicestershire South Foodbank – supporting operational costs during COVID-19
- ✦ 1084 (Market Harborough) Squadron ATC – purchase musical instruments
- ✦ Desborough Library – kitchen refurbishment
- ✦ Home-Start Northampton – volunteer training
- ✦ Market Harborough Cricket & Squash Club – shed for storage
- ✦ Harborough Youth & Community Trust (The Cube) - wooden gazebo
- ✦ Lenthall House Community Garden (Elderberries) – create a memorial garden



Presentation to Northampton Sailability February 2020

Supporting local communities

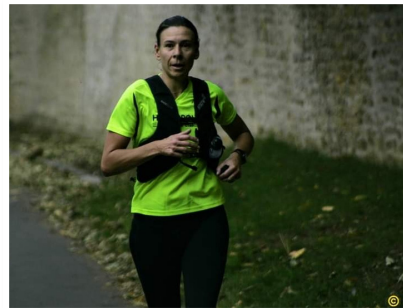


Community involvement

In 2020, the Society recognised that with lockdown and most employees working from home, we couldn't fundraise in the way we had before. Throughout the year, staff took the initiative in supporting our communities and in November, all employees were set a challenge. The idea was to cover 1870 miles (reflecting our birth year) by walking, running, swimming or cycling. Together, 46 employees took part and covered a whopping 3,829 miles! The Society then made a donation on behalf of employee efforts and contributed £1,870 towards our Charity of the Year.



Photo taken pre-Covid restrictions



Charity of the Year 2020

Members and Market Harborough Building Society employees voted for their Charity of the Year. Air Ambulance was the chosen Charity, and the Society is delighted to have recently donated £8,370 to them. This donation was based on the balances in Save and Support accounts and the time employees gave for the Society's November challenge.

If you are a voting member, look out for the Charity of the Year (2021) section on your proxy form or on the online voting form to have your say.

You can find out more about the Charity of the Year 2021 at mhbs.co.uk/coty2021.

