Business Review

(including Summary Financial Statement)

Year ended 31 March 2021

the West Brom

Delivering our Purpose through the pandemic: Three areas of focus

1. Prioritising the wellbeing of our members, colleagues and communities.

- Developed an online portal for members to apply for payment deferral periods, approving 5,570 deferrals in total, 99% of which have now resumed paying.
- Provided additional targeted support for vulnerable customers, applying a compassionate, flexible and fair approach to help support those borrowers whose income has been affected by the pandemic and becoming one of the first signatories of The Inclusive Economy Partnership's Code of Best Practice for Debt Collection and Recovery.
- Rewarded savers by paying average interest rates 41% above the market[1] average, equating to a total of £5.3m in additional interest.
- Retained our commitment to not place any colleagues on furlough or reduce payments where working hours or activities have reduced, alongside making no redundancies as a direct result of the pandemic.
- Prioritised the wellbeing of colleagues with over 90% feeling supported by the Society through the pandemic.
- Offered 37 online wellness sessions attended by 574 colleagues.
- Charitable fundraising during the year raised £34,000 which has been used to support three foodbanks during the pandemic.

2. Ensuring our products, services and premises are safe and accessible.

- Extended new mortgages to 6,257 borrowers including 2,051 first-time home owners, supporting owner occupied lending growth of 9%.
- Welcomed 4,513 new savers to the Society through a range of competitive savings products.
- Launched a specific proposition to help mortgage prisoners switch to more competitive products – the first lender to do so.
- Made all of our premises COVID-19 secure and introduced a range of health and safety measures including 128 Perspex screens, 46 digital thermometers and over 350 litres of sanitiser to help keep colleagues and members safe.
- Prioritised enquiries from key workers at the start of the pandemic.
- Received external recognition for our service to intermediaries, our mortgage proposition and our regular savings product[2].

3. Remaining operationally and financially resilient.

- Continued to provide members with access to all essential services through the pandemic.
- Enabled remote working for over 85% of our head office colleagues through 244 laptop deployments and remote working technology.
- Improved our Net Promoter Score®[3] from +73 at March 2020 to +76 with customer satisfaction maintained at 96%.
- Continued to hit key delivery milestones across our ambitious technology transformation programme.
- Delivered increased statutory profit before tax of £4.7m, supported by a 26% increase in operating profit to £19.6m and a 50% increase in underlying profit (profit before tax excluding one off items and hedge ineffectiveness) to £2.4m.
- Maintained surplus liquidity well above external limits.
- Maintained our robust capital position with a CET 1 ratio of 16.4% and a leverage ratio of 6.8%.

[1] Average market rates sourced from Bank of England Bankstats table A6.1

[2] 5 Star rating from the Financial Adviser Service Awards November 2020, Best Regional Building Society – Mortgage Finance Gazette Awards November 2020 and Best Regular Savings Provider – Moneynet Awards February 2021.

[3] Net Promoter Score and NPS are trademarks of Satmetrix Systems, Inc., Bain & Company, Inc., and Fred Reichheld.

Chief Executive's Business Review

Dear fellow members,

A Purpose-led performance

I would like to start this report by saying thank you to all colleagues who have supported the delivery of the Society's Purpose to members through the pandemic. It is the extraordinary levels of hard work and commitment shown by the Society's people that have helped deliver a robust performance in a very difficult operating environment.

As I covered in detail in both my report 12 months ago and again at the release of our half year results in November, the exceptional challenges presented by the pandemic have required the Society to operate in a very different way to at any time in its 172 year history. However, for a Purpose-led organisation like the West Brom, while the way in which we operate has had to change fundamentally, supporting the financial wellbeing of members remained our focus.

The backdrop of the pandemic and its economic consequences make the achievements detailed in this report even more satisfying. Services to members have been maintained, lending for home ownership increased, average savings rates paid remained at well above market averages and profitability improved after making increased provisions to reflect the considerable uncertainty around the speed and extent of economic recovery.

Alongside these achievements the Society has continued to receive considerable external recognition for the strength of our mortgage and savings product ranges, for being a responsible business and employer, while also making a considerable contribution to the communities we serve and causes most in need.

The Society's approach to the pandemic has been to deliver against three areas of focus:

- Prioritising the wellbeing of our members, colleagues and communities;
- Ensuring the Society's products, services and premises are safe and accessible; and
- Remaining operationally and financially resilient.

Taken together, the performance across these areas demonstrates how the Society has continued to deliver its Purpose to members through the year. This report will focus on our activities within these areas.

Net interest income

Net interest income of £57.7m reduced in the year (2019/20: £59.1m), with the net interest margin reducing to 1.02% (2019/20: 1.06%). With Bank Rate held at an all-time low of 0.10% throughout the year, the improvement in asset yield relative to Bank Rate, growth in residential balances and reduced non-retail cost of funding explained below were offset by higher retail costs of funding relative to Bank Rate and lower earnings on free capital.

The Society has remained committed to supporting its members by continuing to pay rates above the market average. For the 12 months to 31 March 2021, we paid our savers 0.14% above the market average[1] (31 March 2020 0.33%). This represents a considerable £5.3m (2019/20: £13.0m) provided in mutual benefit to savers.

Through the introduction of government measures to mitigate the economic impact of the pandemic, the Society has benefitted from low cost funding, in particular from the Bank of England's Term Funding Scheme for Small and Medium-sized Enterprises (TFSME).

[1] Average market rates sourced from Bank of England Bankstats table A6.1

Fees, commissions and other income

The Society partners with a number of providers to offer home insurance, financial advice, will writing, life cover and funeral planning. Fees and commissions of £2.0m (2019/20: £2.3m) were earned on these products and services, which are made available to support our members' wider financial wellbeing. Income on general insurance policies have reduced in the year, primarily due to the lower footfall in our branches where most of these products are generally sold.

In its capacity as a responsible landlord, the Group earned net rental income of £3.8m (2019/20: £4.0m) on residential properties let through the subsidiary company, West Bromwich Homes Limited (WBHL).

Fair value losses on financial instruments

Of the £3.4m fair value gains (2019/20: £8.5m losses) in the year, £0.2m losses (2019/20: £0.1m losses) relates to the closed equity release portfolio measured at fair value through profit or loss under IFRS 9, and £1.4m gains (2019/20: £4.0m losses) represents fair value movements on derivatives held to provide an economic hedge against movements in impaired commercial provisions for which the criteria to apply hedge accounting are not met.

Management expenses

Management expenses have increased from £46.2m in 2019/20 to £47.2m. The management expense ratio remained stable at 0.83% (2019/20: 0.83%). Excluding depreciation, management expenses have increased by 2.4% which includes costs associated with our response to the pandemic explained below.

Through our ongoing Cost Efficiency Programme, we continue to maximise our efforts towards reducing our overall cost base such that over four years management expenses, excluding depreciation, have reduced by £5m (circa 11%) in absolute terms after absorbing inflation and pay award increases.

The Society's development of digital solutions for its members has seen ongoing costs in relation to IT investment. These continued into this year as we progress to remain ahead of technological change. Depreciation costs have increased slightly from £8.0m to £8.1m (of which £0.5m relates to depreciation of right-of-use assets under IFRS 16).

Further costs have been incurred as a result of our response to the pandemic, where we have built in robust measures and solutions across the head office and branch network, to enable a safe environment for the Society's employees and members. This also included costs to successfully roll out home working for the majority of our employees during the first national lockdown.

Gains on investment properties

The Society provides residential housing for rent through its subsidiary company, WBHL. The portfolio includes properties across England and Wales, with substantial investments concentrated in the West Midlands, the South West and South Wales.

House price inflation has been positive in the year to March 2021, with strong growth in the second half of the year driven by pent up demand and the stamp duty payment holiday. During the year, the market value of the properties held rose by £4.0m compared with £4.2m in the previous year.

Impairment on loans and advances

Residential impairment

Impairment charges on the residential loan portfolio are based on Expected Credit Loss (ECL) calculations which take into account the credit risk of the loans and assumptions of future economic scenarios in line with IFRS 9 requirements.

The residential impairment charge for the year increased to £4.8m (2019/20: £2.9m). From the onset of the COVID-19 pandemic, there has been uncertainty regarding the economic impact of the pandemic. The government's range of support measures, including the furlough scheme and offering of payment deferrals, has dampened the impact on arrears levels. However, the impact to unemployment as these come to an end is likely to create a knock on impact on arrears levels and therefore credit losses. In early 2021, UK unemployment levels were at their highest in almost five years. In contrast, UK HPI has continued to grow, attributed to strong demand. These forecasts do show signs of slowing which has been incorporated in our IFRS 9 economic assumptions.

The uncertainty is reflected through the use of a number of post model adjustments or overlays. The most significant overlay (£1.3m at 31 March 2021) (2019/20: £nil) relates to heightened risk of default and reducing property values on flats where combustible material, including combustible cladding, may be present.

Commercial impairment

All commercial loans are individually assessed using cash flow scenario modelling, which considers a range of possible outcomes to calculate ECL requirements.

Commercial impairment charges reduced in the year from £14.6m in 2019/20 to £14.0m. After adjusting for the offsetting movements in derivatives held to hedge the impact of changes in interest rates on the impaired loans the net charges were £12.6m and £18.6m for the current and prior year respectively.

Commercial provision balances at £91.9m (2019/20: £81.8m), represent 23.1% of the current loan book (2019/20: 19.6%).

As previously commented upon, the commercial property sector is especially vulnerable to economic uncertainty. The retail sector in particular, has continued to be exposed to the impact of such unpredictability. The national lockdowns enforced by the government have put pressure on 'non-essential' retail, leisure and hotel sectors to temporarily close their doors to reduce the spread of COVID-19. The majority of the Group's commercial portfolio comprises loans to the retail sector, which naturally drives most of the commercial impairment charge.

The commercial provision charge during the year represents the application of sector specific assumptions and includes an overlay in respect of economic uncertainty.

At 31 March 2021, 59% (2019/20: 58%) of non-core commercial balances were managed by a Law of Property Act Receiver, appointed to assist in the management of future cash flows and debt recovery.

The exit from the commercial property sector, which is deemed non-core, remains a strategic objective.

Prioritising the wellbeing of our members, colleagues and communities

At its heart the pandemic is a tragic human crisis, one which has and will continue to affect people and which, despite the success of the vaccination programme, will in all likelihood continue to be a challenge in the next few years as the scientists continue to find solutions to future variants and we all adapt to minimising the spread. This does mean that many of the actions we have taken to protect the wellbeing of our colleagues, members and communities are likely to be required going forward.

For members

From the outset of the pandemic the Society acted quickly to support borrowers whose income had been adversely affected, to defer mortgage payments. Given the enormous level of demand, it was crucial for this process to be as easy as possible, while at the same time providing all necessary information. The Society has continued to work hard throughout the year to ensure this simple online process has remained up to date as new guidance has emerged. In total the Society granted deferrals to some 5,570 borrowers representing 14% of all residential mortgages. Given the significant level of worry that a drop in income and inability to meet payments can cause, it is pleasing to see that 99% of these borrowers have now resumed paying with only 0.5% of all residential lending remaining in a deferral period at 31 March 2021.

For those borrowers who have been unable to recommence payments, the Society continues to apply a compassionate, flexible and fair approach, with all borrower circumstances reviewed individually and support teams able to apply a wide range of measures to help borrowers get back on track. In line with the industry wide moratorium on possessions no repossessions have been made in respect of borrowers who have fallen behind with payments during the pandemic, with the Society committed to only pursuing this action where it is in the interest of borrowers, so as not to erode equity, provided all other reasonable attempts to rectify the position have been explored. In recognising that challenges will continue, and there will regrettably be financial pressures on some borrowing members, the Society became part of the first group of financial organisations to commit to The Code of Best Practice for Debt Collection and Recovery, the aim of which is to ensure that borrowers can feel confident that they will be fully supported should they encounter financial stress.

For many, the impact of the pandemic will have reaffirmed the importance of having an appropriate savings buffer to cover expenses in unforeseen circumstances. With access to savings helping to support financial resilience and financial wellbeing, it is pleasing to see that across the year we have welcomed 4,513 new savers and have been recognised by Moneynet as the best regular savings provider. Aligned to our Purpose, the Society's range of savings accounts offers security of deposit alongside a good rate of return. While the latter has inevitably been challenged by the record low Bank Rate, the Society has continued to pay rates of interest which are on average 41% higher than the equivalent market rate[1], an interest rate benefit of circa £5.3m in monetary terms. Moving forward, the Society remains committed to supporting people to save in order to build financial resilience.

41%

Rewarded savers with rates that were, on average, 41% above those paid by the market (2019/20: 49% above)

With the impacts of the pandemic often felt hardest amongst the most vulnerable, the Society has continued to take proactive action by offering targeted support to vulnerable members whether that be in how specific circumstances and requests are dealt with, or simply through a phone call to let our most vulnerable members know how the Society can support their individual needs.

For colleagues

As a responsible employer, ensuring the wellbeing of colleagues through the pandemic has remained a top priority. The Society has delivered on all of its commitments by not placing any employees on furlough, making no redundancies as a result of the pandemic and ensuring no reduction in pay despite, in many cases, colleagues working significantly reduced hours to minimise the risk of customers or colleagues coming into contact with the virus.

The Society has continued to support colleagues to cope with the isolating impacts of the pandemic offering a wide range of activities targeted at improving both mental and physical wellbeing. Our programme of virtual wellness classes, led by trained and qualified instructors, has included mindfulness sessions, yoga and high intensity workouts. In total 37 classes have taken place, attended by over 574 colleagues.

I am proud to say that the sum of these efforts has been reflected in our latest staff survey with over 90% of colleagues feeling supported by the Society through the pandemic.

For communities

The Society's commitment to the communities it serves goes well beyond our annual fundraising efforts. I would like to draw special attention to our 'Big Shop' initiative which, through a targeted range of fundraising activities and significant support from members, helped raise a total of £34,000 for three local foodbanks. The money raised allowed the Society to order stock which was distributed equally to spread vital help to the communities we serve.

Ensuring the Society's products, services and premises are safe and accessible

Given the nature of the public health crisis and the role of building society staff as part of the key worker group, it has been imperative for the Society to ensure its products, services and premises remain safe and accessible through the pandemic. The Society's facilities teams have worked hard to ensure our head office site and our network of 36 branches are COVID-19 secure, and in cases where we have been advised that there may have been a risk of the virus having been present, have immediately treated the affected area or premises to remove the threat.

With our Purpose centred on the promotion of home ownership, we have been determined to support the housing market ever since we entered into the first period of lockdown. This support has seen our new residential lending increase to £784m, a 38% increase year on year, contributing to a 9% increase in owner occupied loans outstanding. This impressive performance has included a notable contribution to first-time buyers, with the Society supporting 2,051 borrowers to purchase their own home during this extraordinary period. Again, allied to our Purpose, this increase in lending has been completed responsibly, with agile changes made to lending policies to reflect changes in borrower risk profiles, with loan to values (LTVs) limited in some instances. By way of comparison, the average LTV across new lending through the last 12 months has reduced to 66% from 76%.

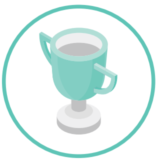
[1] Average market rates sourced from Bank of England Bankstats table A6.1

£784m

of new mortgage lending
(2019/20: £569m)

In September we became the first lender to adopt the new regulations for modified affordability, which meant we could launch a range of products specifically to enable those borrowers who had found themselves trapped in unnecessarily expensive mortgages due to changes in regulation following the financial crisis over 12 years ago, known as mortgage prisoners, to have a much lower cost option. Despite the estimated number of borrowers held by inactive lenders being around 250,000, many of whom will be classed as mortgage prisoners, we have seen only modest take up, which underlines the need for perhaps even greater public awareness. We will continue to work with others to this end. In our experience, reductions to monthly costs can be in excess of £700.

I am proud to say that this steadfast commitment to promoting homeownership through the pandemic has been recognised through two external accolades – for the third year in a row, we earned a top five star rating in the Financial Adviser Service Awards and being recognised as Best Regional Building Society by Mortgage Finance Gazette. I would like to take this opportunity to thank personally all the Society's intermediary, lending, product and risk teams for their exceptional levels of hard work and commitment to deliver this performance, allowing us to carry an equally strong pipeline of new applications into 2021/22.



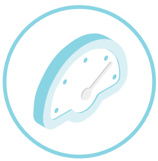
Further external recognition as the Best Regional Building Society by Mortgage Finance Gazette and the Best Regular Savings Provider by Moneynet.

Remaining operationally and financially resilient

Through the pandemic the Society has continued to operate as a financially secure and operationally resilient building society. This resilience is a product of a decade long programme to improve risk management capability, reduce legacy balance sheet risk, increase Purpose-led lending, ensure strong levels of capital coverage across exposure classes and to develop operational contingency plans so that when unforeseen events do occur, the Society has the capability to respond. These developments have underpinned our performance through this period of stress and have allowed the Society to continue to lend responsibly in support of the UK housing market and wider economy.

The Society has demonstrated its operational resilience by maintaining access to all essential member services throughout the period, with only a number of changes to operating hours to reflect an understandable reduction in demand for some services during periods of lockdown, as well of course as the determination to manage the risk of the virus spreading through any location. This continuity of service has been supported by the transition to remote working for over 85% of head office colleagues enabled by the enormous work of our IT teams to develop remote working technologies with the number of laptop users increased by over 140%.

In terms of customer outcomes, it is pleasing to see that the shift to a largely remote operating model has not resulted in a deterioration of the outstanding level of service the Society prides itself on, with our Net Promoter Score®[2] (NPS), measuring how likely our members are to recommend us, increased to +76 and customer satisfaction maintained at equally impressive levels (96%).



+76

Net Promoter Score®
(2019/20: +73)

As important as the Society's operational response to the crisis has been the resilience of the financial position. The Society's Liquidity Coverage Ratio has been maintained at over 150% throughout the financial year with a CET 1 ratio of 16.4% reported at 31 March 2021. Both of these measures are reported at levels well above the respective regulatory minimum.

[2] Net Promoter Score and NPS are trademarks of Satmetrix Systems, Inc., Bain & Company, Inc., and Fred Reichheld.

16.4%
Common Equity Tier 1 Capital Ratio
(2019/20: 15.9%)

To allow the Society to grow and invest in its future it remains important that we deliver sustainable levels of profitability. Despite incurring increased costs as a result of the pandemic the Society is able to report a 26% increase in operating profit, which is before provision charges on residential and commercial real estate, to £19.6m (2019/20: £15.5m). In extraordinary times such as these, operating profit remains an important indicator of underlying business performance.

As I reported last year, the Society continues to make appropriate provisions to reflect the impact of the pandemic across its lending portfolio. By far the most material of these being provisions to reflect the sensitivity of legacy commercial exposures to changes in the wider economic climate. While associated balances have reduced by 77% from their peak, given the variability in economic outlook, the Society has again taken responsible steps to increase levels of provision cover to 23% of associated balances.

The level of residential provision has also increased to £4.8m (31 March 2020: £2.9m). The increase is driven by the impact of worsening macroeconomic scenarios together with an overlay in respect of the increased risk of default and reduced property values on flats where combustible materials may be present.

Once movements in provisions and other items are accounted for, including revaluation gains in respect of the portfolio of investment properties held by the Society in its capacity as a responsible landlord, I am pleased to report an improved level of statutory profit before tax of £4.7m (2019/20: £1.5m) with underlying profit adjusted for one off items and hedge ineffectiveness also increased to £2.4m (2019/20: £1.6m).

£4.7m
Profit before tax
(2019/20: £1.5m)

Engagement through the pandemic

The Society prides itself on the extent to which stakeholder views are considered within the decisions of the Board. Both our Member and Employee Councils have continued to meet virtually and have provided much valued input on Board topics covering our proposed use of the Dormant Accounts Scheme, executive remuneration, the response to COVID-19, support for vulnerable customers, our newly launched Member Commitments and our new savings platform.

Our Member Council has continued to provide their valued input on Board topics

Commitment to responsible business

While I have already covered the Society's unwavering focus on colleague wellbeing through the pandemic, I feel it is important to draw attention to three key developments that evidence the Society's long-term commitment to its people.

In May the Society became the first financial services firm to receive accreditation by the Good Business Charter, which seeks to acknowledge and encourage responsible business practice. The Charter covers a range of criteria such as prioritising employee wellbeing, fair tax compliance, care for the environment, and treatment of customers and suppliers. I believe firmly that this accreditation evidences the Society's commitment to being a responsible business that takes the wellbeing of its employees seriously.

Recognised for responsible business practices through accreditation by the Good Business Charter.

In an extension to our commitment to creating a diverse and inclusive workforce in all respects, in October the Society became a signatory of the Race at Work Charter, consisting of five principles to ensure organisations address the barriers to ethnic minority recruitment and progression. To support existing disclosures around the Society's gender pay gap, we will also commit to publishing details of our ethnicity pay gap and the work we are doing to tackle unfair elements of pay disparity where these exist.

Finally, the Society received for the third time a gold accreditation from Investors in People, recognised around the world as the global benchmark for organisations that invest in and manage the development of their people. It was particularly pleasing to see the indicator associated with how our colleagues live the Society's values and behaviours improve from previous assessments, given the work we have done to reinvigorate this framework over the last 18 months.

Outlook

The uncertainties for the economy over the next five years remain considerable. With the remarkable success of the vaccine rollout programme there is now, I believe, cause for at least a level of short-term optimism as families meet, businesses reopen and life begins, cautiously, to return to a new version of normal. However, it is likely that this new normal will include learning to live with the virus in terms of new variants which may cause some future interruptions to the economy as further development of vaccines is required and maybe some form of local restrictions on movement from time to time.

As this transition out of lockdown progresses, it is perhaps inevitable that increases in unemployment are expected as government support schemes unwind and businesses adapt to new ways of operating. The Society stands ready to support any borrowers affected by a drop in income as it has done throughout the pandemic.

In terms of interest rates, while the prospect of negative rates seems to be cooling somewhat, given the enormous levels of government borrowing through the pandemic, the period of ultra-low rates looks set to continue, subject of course to any unforeseen economic conditions arising out of the actions taken to manage the economy throughout the pandemic. While this environment will present all too familiar challenges for savers, the Society will continue to develop its proposition to support people to save and to build financial resilience. This includes the development of our new online savings platform which will help support and grow the next generation of savers.

The resilience demonstrated by the Society through the pandemic is testament to the developments made over the last decade to become the Purpose-led building society we are today. A journey that has been guided by the significant contribution made by our outgoing Chair Mark Nicholls who, due to unexpected personal circumstances, made the decision to retire early in March 2021. I would like to thank Mark, on behalf of all my colleagues, for his contribution and for the unwavering support and guidance provided to myself and the Board. I would also like to take this opportunity to welcome the Society's new Chair, John Maltby. I know John is committed to continuing our development as an independent Purpose-led building society.

While the pandemic has taught us all many new lessons, it has also acted to reinforce the fundamental importance and value of the Society's proposition to members. Never has it been so important to have a place to call home or a level of savings to guard against unforeseen circumstances. Fundamental needs with an integral link to our financial wellbeing that will remain as relevant tomorrow as they do today.

As I said in opening, the performance the Society has delivered over the last 12 months is one that we can all take pride in – colleagues and members alike. Never in the Society's 172 year history have its people been challenged to deliver on its Purpose to members in such extraordinary circumstances. It is this combination of Purpose and people that will remain fundamental to the continued success of the Society as we look to grow and invest for generations to come.

In closing I would like to thank, on behalf of all Society colleagues, all of our members for their continued support through the last 12 months.

Jonathan Westhoff
Chief Executive
27 May 2021

Summary Financial Statement

Year ended 31 March 2021

This Financial Statement is a summary of the 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 request at every office of West Bromwich Building Society from 9 June 2021.

Summary Directors' Report

The information contained in the Chief Executive's Business Review on pages 3 to 9 of this document addresses the requirements of the Summary Directors' Report.

Summary Financial Statement

Group results for the year	**2021 £m**	2020 £m
Net interest receivable	**57.7**	59.1
Other income and charges	**5.7**	6.3
Fair value losses	**3.4**	(8.5)
Gain on deconsolidation of commercial securitisations	**-**	5.3
Write down of goodwill	**-**	(0.5)
Administrative expenses	**(47.2)**	(46.2)
Operating profit before revaluation gains, impairment and provisions	**19.6**	15.5
Gains on investment properties	**4.0**	4.2
Impairment losses	**(18.8)**	(17.5)
Provisions for liabilities	**(0.1)**	(0.7)
Profit before tax	**4.7**	1.5
Taxation	**0.4**	-
Profit for the year	**5.1**	1.5

Group financial position at end of year	**2021 £m**	2020 £m
Assets		
Liquid assets	**700.3**	672.4
Mortgages	**4,852.3**	4,691.6
Derivative financial instruments	**6.5**	4.5
Fixed and other assets	**209.4**	208.3
Total assets	**5,768.5**	5,576.8
Liabilities		
Shares	**4,234.1**	3,846.1
Borrowings	**1,060.6**	1,244.7
Derivative financial instruments	**40.5**	54.2
Other liabilities	**20.6**	25.2
Subordinated liabilities	**22.8**	22.8
Core capital deferred shares	**127.0**	127.0
Subscribed capital	**7.8**	8.9
Reserves	**251.8**	244.6
Revaluation reserve	**3.3**	3.3
Total liabilities	**5,768.5**	5,576.8

Summary Financial Statement (continued)

Year ended 31 March 2021

Summary of key financial ratios	2021 %	2020 %
Gross capital As a percentage of shares and borrowings	**7.79**	7.99
Liquid assets As a percentage of shares and borrowings	**13.23**	13.21
Profit for the year As a percentage of mean total assets	**0.09**	0.03
Management expenses As a percentage of mean total assets	**0.83**	0.83

'Gross capital' represents the aggregate of general reserves, revaluation reserve, fair value reserve, subscribed capital, subordinated liabilities and core capital deferred shares.

'Shares and borrowings' represent the total of shares and borrowings, in each case including accrued interest.

'Management expenses' represent administrative expenses.

This Summary Financial Statement was approved by the Board of Directors on 27 May 2021.

John Maltby
Chair

Jonathan Westhoff
Chief Executive

Ashraf Piranie
Group Finance & Operations Director

Independent auditors' statement on the Summary Financial Statement to the members of West Bromwich Building Society

We have examined the Summary Financial Statement of West Bromwich Building Society (the 'Society') set out on pages 10 to 11, which comprises the Summary Directors' Report, Group results for the year, Group financial position at end of year and 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 Chief Executive's Business Review and Directors' Remuneration Report.

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.

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 Report and Accounts, Annual Business Statement and the Directors' Report.

Opinion

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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
27 May 2021

Braille, audio and large print versions of this leaflet are available upon request. Please contact us on 0345 241 3784.

Head Office: 2 Providence Place, West Bromwich B70 8AF
www.westbrom.co.uk

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