

AGM MINUTES

Wednesday, 25 March 2020

Via conference call: 3pm

Mr Harris presided. Directors present were: Ms Ryder, Mrs Lenc and Messrs Norrington, Reid, Elcock and Liddell. Mrs Newman, as Secretary of the Society was also present.

In light of the COVID-19 pandemic and the Government's advice on meetings and public gathering, this AGM was held behind closed doors with members unable to attend. Members totaling 3 attended, to ensure compliance with the requirements of the Society's articles and constitution.

Apologies for absence were formally received from 61 members.

The Chairman welcomed everyone to the 170th AGM. He introduced the Board of Directors, explained and summarised that the agenda included the usual items for approval; election and re-election of Directors, approval of the appointment of Auditors and of the Directors' Remuneration Report. This year's agenda also included a special resolution to approve an amendment to the Society's rules to rename the Society to Suffolk Building Society.

The Minutes of the Annual General Meeting held on the 27 March 2019, having been confirmed and signed by Mr Harris, were unanimously adopted without a further reading.

The Chairman then commenced his address:

"I think there is always one very important point to remember in these changing and often risky times, and this is that our strength is our simplicity. We deliver what we promise as a focused regional building society, embedded and participating in our communities and focused on meeting the needs of our members for savings and mortgages."

The Chairman continued as per "ad verbatim" speech, which is attached to these minutes.

The Chairman then commended the Annual Report and Accounts for year ended November 2019 to the members.

The Chairman commented that 23 questions had been received in writing. All of these have been responded to individually and the responses would be posted to read on the website. He summarised the key themes from the questions, which included operational resilience and recovery, the name change, online savings, the Society's financials, branches and community, communication and administration.

Mr Norrington then presented his speech.

The Chairman then proposed that the Report of the Directors, the Annual accounts and Auditors' report be received.

The Chairman explained that whilst not required to seek approval for the Directors' Remuneration Report, in the interests of good governance and transparency, the Board were also once again including an advisory vote on Directors' Remuneration and then asked for a poll on all resolutions.

The Chairman then proposed;

That "The Ordinary Resolution to approve the Directors' Remuneration Report, be approved"

This was seconded by Charleigh Gardiner.

The Chairman then proposed



That "BDO LLP be appointed as Auditors of the Society".

This was seconded by Eleanor Camp.

The Ordinary Resolution to elect Elaine Lenc and to re-elect Steve Reid, Richard Norrington and Alan Harris as Directors was then proposed.

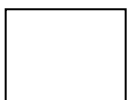
This was seconded by Joanne Leek.

Mr Harris then introduced Rebecca Newman; Society Secretary who announced the results of the poll, which included all votes that had previously been received by post and online.

	For	Against	Abstentions	Percentage in favour
To receive the Report of the Directors, Annual Accounts and Auditor's Report	3231	32	35	99.05%
To approve the Directors' Remuneration Report	2975	242	78	92.69%
<i>The resolution was therefore carried</i>				
To appoint BDO LLP as Auditors	3169	64	60	98.08%
<i>The resolution was therefore carried</i>				
To elect Elaine Lenc	3130	118	46	96.47%
To re-elect Alan Harris	3128	106	49	96.83%
To re-elect Richard Humphrey Bateson Norrington	3129	119	44	96.44%
To re-elect Stephen John Kent Reid	3133	113	46	96.62%
<i>The Chairman declared Elaine Lenc, Alan Harris, Richard Norrington and Stephen Reid duly elected Directors of the Society, in accordance with the Rules.</i>				
To approve the amendment to Rule 2 for the name of the Society to be Suffolk Building Society, to be implemented within 24 months of the date of this Resolution	3043	240	42	92.83%
<i>The resolution was therefore carried</i>				

There being no further business, the Chairman closed the Meeting at 3.50 pm.

CHAIRMAN



Alan Harris, Chairman, Ipswich Building Society - AGM Speech, 25 March 2020

Good afternoon and welcome to the 170th AGM of Ipswich Building Society. I am Alan Harris, Chairman of the Society.

This is a very different AGM to those that precede it due of course to the pandemic threat that is the COVID-19 virus and we are following the Government's advice on meetings and public gatherings.

We have constructed an AGM for you therefore which:

- allows us to comply with all the relevant legislation
- but also ensures that our members voices are well and truly heard
- both in the voting that has taken place before the AGM
- and also by fully exploring the questions raised by members
- and then publishing all this information and the questions and their answers on the website

Now for some introductions

Present today either in person in Ipswich or by teleconference are the Board of Directors and our Company Secretary Rebecca Newman and of course Richard Norrington our Chief Executive Who you will hear from in a moment.

Also present are a large enough group of members to ensure compliance with the requirements of our articles and constitution

So to the agenda

This meeting is required to present the Annual Report and Accounts and ask your approval for these and for the appointment and reappointment of Directors and our Auditors.

And to approve the Remuneration Report.

And also to approve an amendment to one of our rules so that we can begin implementation of an exciting project which takes us back to our roots 170 years agoas we look to rename the Society as the Suffolk Building Society. It is a new name that's inclusive, connecting to a broader community – and an old name that marks our historic commitment to the county we serve.

Now some of the AGM formalities.

Firstly the Minutes of the Annual General Meeting held on the 27th March 2019 have been read and signed by me as the Chairman of that meeting. These will be available online for anyone who wishes to read them.

Next we have received apologies from 61 members, the list can be inspected after the meeting.

Next can I briefly reflect on the performance of the Society for the year ended 30 November 2019.

I think there is always one very important point to remember in these changing and often risky timesand this is that our strength is our simplicity we deliver what we promise as a focused regional building society, embedded and participating in our communities and focused on meeting the needs of our members for savings and mortgages.

This simple focus provides clarity of purpose and in decision making. We balance the need to provide long-term value to our members through competitive products with the need to maintain financial strength and to invest for the future.

Clearly, lending only to people able to afford their mortgage repayments is not only responsible lending but makes sense for the wider membership too, as the Society makes fewer losses on its loans.

I am therefore pleased to report that our profit before tax for the year was £1.9m - much better than our plan.



During the year, the Society's strengthened financial position was such that we were able to repay early the Society's subordinated debt. This relates to external support that was obtained a number of years ago to increase our capital base. This change has enabled us to significantly reduce future interest costs whilst maintaining a strong balance sheet.

Over the last twelve months we have made progress on solutions to strengthen the business model and retain strong presence in our offices around the region. And we are working hard on developing more efficient customer choices to give members the added options for the choice, flexibility and portability that they increasingly demand.

Our mortgage intermediaries have again supported us in strength and depth but they, quite rightly, also expect the Society to continue to raise the bar on service standards and online capabilities. This area will also be a key part of our technology plans and build on the current use of our Broker Portal. New business support from our key intermediaries was again central to our business success. Thank you to all of those key partners. I'm delighted to report that our broker satisfaction rating was 95% up from 87% last year.

Overall I'd like to identify some of the highlights of the year :

- Strong targeted mortgage completions of £115m
- A strong net interest margin of 1.80% on a total book of £523m at year end.
- Savings balances increased by £31m taking overall deposits to a pleasing £603m
- Another year of strong and supportive feedback from members, with the Society's overall Net Promoter Score remaining strong at 83.
- Another good arrears performance. Total arrears cases have fallen to 104 and cases where arrears are greater than 3 months have reduced to just 42

And finally in these days of uncertainty our strength

- Here I can report strong capital and liquidity. The Society's leverage ratio has been maintained at 4.9% and the Liquidity Coverage Ratio of 242% remains considerably above the minimum requirement. Our Tier 1 Capital Ratio has also improved to 15.0%

Now some thoughts on Risk..... I have referred already to the risks and uncertainties which affect us all , so it is particularly important that I now cover the subject of governance and oversight.

The Board's structures and its oversight of controls and information remain at the heart of our governance andat the heart of the Board's oversight is our Enterprise Risk Management Framework (ERMF).

This delivers risk management tools to our management team and structures to the Board which strengthen our oversight and challenge.

In these challenging post Brexit times threats to businesses come from all angles and whether it is pandemics, cyber threats ,economic stresses or just clever criminals our approach to risk helps us to manage and mitigate threats much better for the benefit of youour members.

We are more resilient than ever before but we will continue to challenge and invest in our recovery mechanisms so that we can maintain customer service in even the most difficult of circumstances.

The Board itself has seen change during the year

In October we were delighted to welcome Elaine Lenc to the Board.Elaine's wide experience in banking, IT, strategy and change management will be invaluable as we invest in the future business model of the Society.

Trevor Slater our Finance Director will be leaving in a few months.



Trevor we wish you well you leave us with a legacy of fine work and an improvement in our key financials in all areas. Thank you.

During the year we also said good bye to Valerie Dias. Valerie joined the Board in 2015 and as well as serving as Deputy Chairman was an influential Chair of the Audit Committee. Her financial skills and extensive experience of Risk Management were enormously influential in shaping the Society's risk management structures.

Can I conclude by thanking my Board colleagues for their support and commitment during the year and also the Society's employees for their valued personal and team contributions. During a demanding year our members, intermediaries and communities have been well served thanks to their dedication and support.

And today can I say a particular thank you to all the team for their tremendous commitment and support as we have needed to implement special arrangements throughout the Society due to the Coronavirus threat.

Everyone has stepped up to the mark and put customer service front and centre.

And in these difficult times I think our rebrand strategy says it all.

"Whilst so much has changed in the last 170 years, we remain proud of our home and the people who make it. Proud of our values and way of life."

"We are where we're from. We're Suffolk through and through"

Thank you to everyone for their support and dedication

So Ladies and gentlemen that is enough from me.

I commend the Annual Report and Accounts to the AGM.

Now..... I would like to review Members questions for the AGM.

We have had 23 questions in writing – all of these have had individual replies and these are available to read on the website.

I've reviewed all of the questions and so far there are some key themes that I'll just pick up on now and summarise the answers we've given....

Some interesting themes

The first is to do with **Operational Resilience and Recovery**.

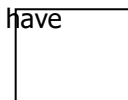
There is a specific question about the level of cybersecurity that the Society has in place

Well we have strong robust and regularly tested systems and we have invested in the latest protections in recent years but I would widen this into the need not just to protectbut also to be resilient and to recover quickly from any sort of attack whether it be Cyber crime or even the current challenges with Covid 19. We **will** see threats realisedit is what we do to protect our customers and their data that is most important to us.

Next questions about the **name change**which I'm pleased to see has attracted a very high level of support.

Some of the questions relate to the cost of the change and wanting reassurance that money won't be wasted. Some ask about research and how it all fits with our business plans.

On the costs side we have a tightly managed project which will not waste moneywe were about to incur costs in a number of areas already so the name change also utilises these budgets and we have



made savings elsewhere also and a comprehensive literature review will minimise printing spend and wastage. We are confident this investment will deliver good returns for members.

Our research has also been comprehensive and wide in scope and the plan aligns carefully with our longer-term planning. The name change will enable us to maximise our brand appeal and to reach a wider audiencethis is all part of future-proofing the business

Online

Another theme of the questions is in relation to the Society's ability to provide an online offering allowing members to access their accounts and also whether it is costly to do so.

Delivery of an online savings platform remains a key priority of the Board andone of our corporate objectives but unfortunately for a number of reasons the Society has not yet been able to deliver an online savings platform despite some very determined efforts.

An online service from us needs to fit in a number of areas – it needs to fit to member requirements it needs to fit with our value for money targets for investment and it needs to fit with our core IT operating platform andalso be cyber resilient.

We have not yet achieved this fit but we are determined that we will. The decision to implement a solution will be because we have finally sourced a system which works for our customers present and future and which delivers good value for members.

Financials

There are a number of questions about our key financials including our profits and our costs.

On the fixed costs side of things, we do want to continue to grow our target lending figures as this will really leverage the investments, we have made in the last few years. A lot of our costs really don't relate to our size and it remains a business objective that we need to grow in order to outrun our costs

The Society always looks at innovative ways to reduce these costs and will work with other societies where appropriate to share costs. An example of this is the provision of the core IT operating platform which is shared with two other building societies.

Our profits are strong in a difficult trading environment and help us to build our tier one capital and invest for the future. Last year's profits exceeded our corporate plan but were lower than the previous year largely because of three things:

The need to fund the higher savings balancesFurther significant investment in IT infrastructure and finally adverse fair value movements on the derivatives which we use to back the mortgage book.

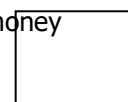
Probably more questions than ever grouped under the heading of **Branches and Community**

The first one is about schools and our financial education work. One member recalls setting up an account in a branch in a primary school!!

We are active in many local primary and secondary schools and colleges delivering financial education through our bespoke Money Metrics programmes. We feel by delivering financial literacy directly to students we are able to equip them with a key life skill and can reach a large number of students through these focused education days.

Another question is about belonging and servicethis time from a member who now lives away from Suffolk in Kent in fact. We can reassure our many members who live away from our heartland that we are just as welcoming wherever you live and in another question, referring to living away, another member actual says "please keep offering accounts" and "Your staff give exemplary service" "that I haven't experienced from any of the larger household name banks or building societies".

And then our branches.... The message is – keep them..... invest in them and deliver value for money we will .It's what you our members want. !



A number of questions on **Communication**

Some about the use of emails particularly to savings members. The use of the Freehold Post monthly newsletter and the display of all rates on our website. And also, the use of our SMS text facility for mobile numbers. All very helpful

And then finally a group of questions which I'd group as **Administration** ideas

One is about the process and documentation when moving from a fixed rate maturing mortgage to a new deal. Here we have to comply with the FCA's rules on maturities but we try to do so in as helpful and open a way as possible. We will try to improve further when we can

Another was about the availability of monthly interest and our Fixed term bonds where we have also signposted our Suffolk Savvy Saver which pays interest monthly.

And then lastly some questions about innovation for older borrowers and for grandparents starting savings accounts for their grandchildren.

These are both areas where we encourage new businessfor the savings accounts we've explained how and why we operate the 'know your customer rules' and our thinking on trustees

And for older borrowers we offer them a comprehensive mortgage product range including a Retirement Interest Only product and generally we impose no maximum age restriction.

So just to confirm again all the questions and answers and a record of today's proceedings are being placed on the web site

Before now concluding the AGM with details of the voting can I ask Richard Norrington to present his thoughts on what has been a busy year for him and the team

[Richard Norrington, CEO, presents]

OK thank you Richard Can I now can I move onto the Resolutions

Resolutions

Item 1 is to receive the Report of the Directors, the Annual accounts and Auditors' report.

I therefore propose that the Directors' report, Annual accounts and the Auditors' report are received.

Item 2 is to approve the Directors' Remuneration Report.

This Report is included at **page 22** of the Annual Report and was also included in the Review of the Year which was sent to members with the notice of this AGM. The Report sets out our approach to remuneration of our Executive and Non-Executive Directors. There have been no substantive changes to our approach this year.

Non-Executive Directors receive a basic fee with a supplementary payment for holding key statutory positions especially as Chairman of a Committee.

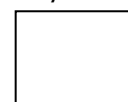
Executive Directors receive a basic salary, which is reviewed on an annual basis, and can also benefit from a performance related pay scheme if set targets are achieved.

While we are not required to seek your approval for this Report, we think that it is in the interests of good governance and transparency that members do have a say.

I propose that the Directors' Remuneration Report is approved. Please could I have a seconder.

Item 3 is to appoint BDO LLP as Auditor

An annual requirement for this meeting is for you to consider and, if thought fit, to pass an Ordinary Resolution to appoint our Auditors.



I propose that the Society appoints BDO LLP as Auditor. Please could I have a seconder

Item 4 is to elect and if necessary re-elect the Society’s Directors.

Our rules require that Directors appointed during the year are required to be elected by the members at the following AGM.

I therefore propose that Elaine Lenc is elected as a director and ,Steve Reid, Richard Norrington and Alan Harris are all re-elected as Directors. Please could I have a seconder.

Thank you very much to all of our members who have voted at this AGM and despite the difficulties of the current pandemic we have had a high level of voting from you all. We very much look forward to returning to our usual member events and to more normal AGM arrangements in hopefully the near future

I will now ask Rebecca our Company Secretary to give you the results of the voting for tonight.

[Rebecca Newman, Company Secretary, presents the voting results]

Thank you Rebecca

- I declare BDO LLP duly appointed as the Society’s Auditor.
- I declare that Alan Harris, Elaine Lenc, Richard Norrington and Steve Reid are duly elected as Directors
- I declare that Rule 2 of the Society’s rules be amended to state that the name of the Society be Suffolk Building Society. This resolution is to be implemented within 24 months.

All of these results are available on our website.

Ladies and Gentlemen, thank you for your support in these difficult times.

I will now formally close the Annual General Meeting.

