

Alan Harris, Chairman.

Transcript of AGM speech 23 March 2022

Good evening Ladies and Gentlemen and a very warm welcome to the 172nd AGM of Suffolk Building Society and a particularly warm welcome if this is your first time at an AGM. For those of you who don't know me, I am Alan Harris, Chairman of the Society.

It is a pleasure to see so many members here this evening. And it is a real pleasure to be here in person with you all after all of the temporary arrangements we needed to make in the height of the pandemic.

Thank you for bearing with us and being so supportive.

In fact tonight shows a pandemic related development - tonight we are trying a live stream of this evening for our membersso to all of you watching and listening on line can I also extend a warm welcome.

Of course, many of you are here to listen to our guest this eveningTerry Waite CBE. It is a great pleasure to welcome him. For decades Terry has been an inspiration to those around the world facing adversity. And now... as we face global uncertainty and distressing scenes in Ukraine ... his pragmatism and hope is needed more than ever.

We will hear from Terry after this more formal meeting finishes but I do hope that everyone will also find our AGM of interest as well.

Before we start, some points of admin:

- We are not expecting a fire alarm test this evening so should the alarm sound, please make your way carefully and slowly to the nearest exit. There are members of the team around to show the way and to provide assistance should you need it.
- Please could I ask that all mobile phones are switched off or turned to silent
- We have some member of the press and a photographer here this evening. If anyone would prefer not to be in any photographs please do let one of our members of staff aware.

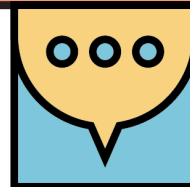
Now for some introductions:

Alongside me this evening are the Board of Directors and our Company Secretary and Chief of Staff Rebecca Newman and of course Richard Norrington our Chief Executive, who you will hear from in a moment.

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We are also joined this evening by Daniel Harris from BDO LLP our external auditors.

So what is on the agenda this evening?

The formal part of this evening is the Annual General Meeting, the occasion each year when we meet with you, our members, present to you the Report and Accounts and ask your approval for these and for the appointment and reappointment of Directors and our Auditors.

And, we also ask for your approval for the Remuneration Report.

I will deal with AGM formalities and then spend just a few minutes highlighting key aspects of the Society's performance last year

I will then ask you to vote on the various resolutions (if you have not already voted.)

On this last point - If you have not already voted then you should have received a voting form as you arrived, if you do not have one and are eligible to vote could you please raise your hand and a member of the team will bring one to you.

We will collect in your voting papers and while the votes are counted I will take the opportunity to announce the winner of the David Coe Customer Service award for this year.

I will then hand over to Richard Norrington who will share with you with his reflections on the Society from last year.

After this we will also consider questions from members including any that have been raised this evening including those submitted on line by those members watching and listening on the live stream.

Finally I will ask Rebecca to announce the results of the voting on the resolutions before bringing the AGM to a close.

Can I now start with the AGM formalities;

We have received apologies from 16 members, I do not propose to read out the names, but the list can be inspected after the meeting.

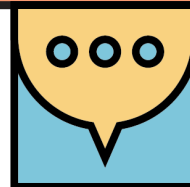
The Minutes of the Annual General Meeting held on the 30th March 2021 have been read and signed by me as the Chairman of that Meeting. It is normal for these to be taken as read, but if anyone would like them read then could you please indicate now.

Thank you.

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So, to begin , let me reflect on the performance of the Society for the year ended 30 November 2021.

The year was dominated by two themes, Covid and Change.

Covid has given us so many challenges. The way we work, the way in which you, our members, want to work with us, and the way in which the financial markets in which we operate and compete have changed as well.

The pandemic has meant we've seen supply chain challenges, rising fuel and energy costs and shortages in the labour market. This has been significantly exacerbated by the crisis in Ukraine with even more volatility in the market. This has continued to have an impact on people's health, their personal lives and livelihoods.

Everywhere our Suffolk Building Society team have continued to support our members either by working from home, socially distanced in head office or who have kept our branches open.

Keeping a branch network open has been a challenge, but I'm proud to say that staff continued to go above and beyond in this respect to ensure our doors were open for members.

So, despite Covid we have maintained our local presence and our service levels with our branches front and centre in our local communities and with our back office teams finding ingenious ways to keep the financial and operational wheels of the Society turning

Including writing record levels of mortgage business, especially with our intermediary partners and also writing an increased level of savings business for our members in our local communities.

In this respect I can report that retail savings balances have increased by £23.5m since last year and the Society opened 2,772 new accounts during the year which included 935 new savings members. Our savings balances are now £648million.

On the theme of Change, a lot has happened around us and a lot has been driven by us as well

Firstly, our rebranding - going back to our roots. As the Suffolk Building Society.

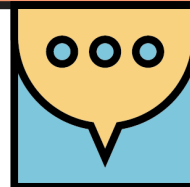
As I said last year it is a new name that's inclusive, connecting to a broader community – and an old name that marks our historic commitment to the county we serve.

And it reminds us of the Mutuality that brought our founding members together and it is that thinking, that ethos, that is at the centre of our decision making and structures as we compete and challenge in the new online world of the FinTechs.

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I believe it's where there is still firmly a place for the Suffolk and what we can bring to our communities.

We are clear on our purpose and as part of our rebrand we have refreshed our strategy which remains grounded in that mutuality and is built around our vision, mission and values all aligned with our 172-year-old purpose of providing safe homes to our communities.

As always, we need to carefully balance the need to retain sufficient earnings to ensure the sustainability of the Society for our members, our employees and our local communities whilst acknowledging that it is crucial to invest in and grow the business to ensure relevance and sustainability.

That is why it is so pleasing that our profit before tax of £2.9 million last year grows our capital and allows us to invest in the future for our members.

Those investments increased our expenses to £10.8m last year as we continue to invest significantly in technology infrastructure and enhanced digital capability and, of course, our people.

Our investments mean we have made progress on solutions to strengthen the business model and we are working hard on developing more efficient customer choices to give members the added options for choice, flexibility and the portability they increasingly demand.

These backed up by additional cyber security protections and our ambitions in the critical areas of Environment and Sustainability will place us well for delivering our ambitious 2022 plans.

These results have been achieved through an improved Net Interest Margin of 1.9% and another year of strong growth in the Society's mortgage book.

Mortgage balances have increased by £47m to £615m.

This has been due, in part, to the still-buoyant housing market. However, it's also been down to our strategy of manual underwriting and greater emphasis targeting our niche markets.

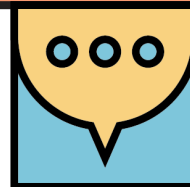
All supported by investment in our business development team.

One final enhancement of the year is the introduction of Smart Money People - an online financial services review platform - this gives both members and intermediaries the opportunity to give us quick feedback, all part of our drive to raise the bar everywhere in the service areas of the business.

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And finally I can report that :

Your Society remains strong. In respect of Capital, our Tier One ratio remains well above statutory requirements at 14.1% and the Society's Leverage Ratio was broadly maintained at 4.9%. In terms of Liquidity the LCR (the Liquidity Coverage Ratio), now stands at 188% and is also considerably above the regulatory minimum requirement.

The Society's governance and oversight has been even more important than ever in 2021 with the pandemic challenging so many areas of our operations. Linked with our management systems and controls, and supported and managed through our use of Enterprise Risk Management, this is all about ensuring that the Society takes risks within appetite and that these risks are understood and are effectively managed.

A strong and effective Board is instrumental in this respect and I would therefore like to thank all my colleagues on the Board for their hard work and unstinting support. It has been a hugely successful year of transformation, while achieving an excellent rate of growth. Thank you.

Ladies and gentlemen the newly renamed Suffolk Building Society has benefited from our members choosing it as a safe home for their savings in a time of great uncertainty, sacrifice, and change.

An exceptional commitment to members and customers has been demonstrated by colleagues across the Society and we are proud, and they should be proud, of what they have delivered.

We are well placed to continue to grow our Society together in 2022. Thank you to all our team members who are making this possible. Your commitment to service and innovation continues to be outstanding.

Our mission will always be to provide a safe home for savers and safe homes for our communities

That's why we still say: "We are where we're from. We're Suffolk through and through"

So, Ladies and gentlemen that is enough from me.

I commend the Annual Report and Accounts to you.

Can I move onto the Resolutions:

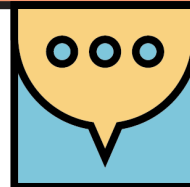
Item 1 is to receive the Report of the Directors, the Annual accounts and Auditors' report. I therefore propose that the Directors' report, Annual accounts and the Auditors' report are received.

Item 2 is to approve the Directors' Remuneration Report.

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This Report is included at page 27 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.

Item 3 is to re-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 re-appoint our Auditors.

I propose that the Society re-appoints BDO LLP as Auditor.

Item 4 is to re-elect the Society's Directors.

I propose that Fiona Ryder, Ian Brighton and Alan Harris are re-elected as Directors.

Ladies and Gentlemen, if you have not already voted, please could I ask you to cast your votes now on the papers provided and pass to a member of the team.

These will be collected up and the votes added to those numbers, which have already been cast online, or in branches.

While the votes are being counted, I should like to announce the winner of our annual David Coe Customer Service award. I'll then hand over to Richard Norrington who will tell you a little more about the activities that the Society has been involved with in the last year.

David Coe Award

Outstanding customer service that exceeds the normal requirements of the job is what defines the winner each year of our David Coe award. It is based on nominations from Society employees and can be awarded to head office and branch staff.

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It is always a tough decision, but after much consideration I am very pleased to announce this year's winner.

This individual has been with the Society since July 2018 and is part of our Management Information team which is part of the Society's wider Finance function.

Acting as senior MI Developer, their role focuses on working to develop and enhance the Society's MI capabilities and implement effective MI reporting. They have developed user-friendly processes. They have helped immensely in the production of the new broker registration process, to enable a smooth transition for our brokers. They are described by fellow colleagues as always super helpful with a great attitude, easy to deal with and no ask is ever too big for them.

This individual will go out of their way to help other colleagues; whether that is with putting together a complex formula in Excel or suggesting ways to streamline and automate a process to make it more efficient; ultimately this means that our members receive better service.

One colleague said "You can tell he really cares about making things simple and easier for everyone wherever possible."

Both the Board of Directors and I would like to thank this individual for their true dedication and commitment to providing excellent customer service.

The winner of the 2021 David Coe award is Jon Reynolds. Please join me in congratulating him.

While the votes are being counted can I take the opportunity to review Members questions for the AGM.

We have had 18 questions in writing- all of these have had individual replies and these are posted at the back of the room for those who are here in person this evening. We've also had 1 question submitted online tonight on a similar theme to those submitted in advance.

All Q and As will be available to read on the web site by next Wednesday.

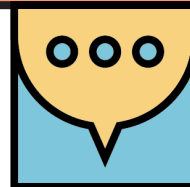
If there are any questions in the room then that is fine just put your hand up and we'll get a microphone passed to you.

I've reviewed all of the questions (including those from tonight online) and so far, there are some key themes that I'll pick up on now and summarise the answers we've given, or are planning to give.

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So some interesting themes;

- Online development of services
- Remuneration – staff and directors
- Branches and the future – numbers and types
- ISA's and Lifetime ISA's
- Our lending policies – including later life lending and some of our more niche lending
- A couple on processing queries including cheque payment times
- The return of Community events
- Report and Accounts and the Auditors report

The processing ones need a more detailed answer, so these have been provided already and will be on line and all I need to say on Community events is to amplify what Richard has already said - tonight is all about getting back to normal and so is the visit to Old Broom in our partnership with the Suffolk Wildlife Trust.

So watch this spacemore to come!

What about the recurring themes?

Well the first relates to our Branches; where they are, whether we will have any more and also what they will do in the future ?

Well the answer to this is linked to the subject of delivering on line savings and a consistent and flexible member experience

We remain committed to delivering a face to face service experience and we want our branches in the future to receive all the advantages of our new technology investments.

How our members both current and in the future would like us to do this is the subject of significant member research at the moment and all I can really say is that we will be there committed to our communities and bang up to date and flexible with our offering. Watch this space !!

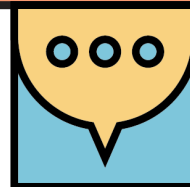
Another series of questions is around the theme of Remuneration and Salaries for both staff and directors. What have we said?

Well we've been able to explain that we benchmark salaries for everyone from the CEO and the Exec team and also throughout the Society including keeping the annual bonus scheme both practical and in keeping with our values and objectives. The same applies to our pension schemes and the contributions made for staff.

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We do regularly bench mark our position to make sure we are in the right place to retain and recruit talent but we also don't want to be out of step at the top or of course at the bottom either.

One question in this section was about Zero Hours contracts . Well the answer here is a clear onewe don't have any.

The next series of questions has been about technology and really asks about what we are doing about online access to savings accounts. As Richard has mentioned, and as we stated in our last AGM the primary digital enhancement, we have been involved in is for our mortgage origination platform.

But Digital savings is no less important to uswe know we have to change the status quo but we believe it is vital we get the bricks and clicks working together seamlessly. We are determined to take savings online in a way that means we can still offer the great member experience in branch.

And we need to do this in a coordinated way that ensures we retain the best of the old ways as well as embracing the future!

This is our next big project and I'm pleased to say it has kicked off already with many of our members helping us in the research we are undertaking alongside searching and assessing the market for technology which has itself had massive change during Covid.

Next is a group of questions around our lending policies particularly later life lending and some of our more niche lending.

Well as far as later life is concernedwe have a balancing act to perform here with regulation and rules in place to help protect customers but also with our wish to offer the best we can to help members.

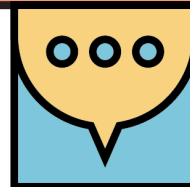
We do in fact offer a wide range of later life mortgages, including lending to applicants into their retirement, lending to the retired and a specific Retirement Interest Only (RIO) mortgage. We don't however write what the media refer to as Lifetime Mortgages as we don't have the necessary regulatory permissions.

An associated question on the savings side is about the availability of Lifetime ISA's (or LISA's) as they are often known. Well these are not in our portfolio at the moment – the new systems will give us the ability to manufacture them and to follow the regulations..... whether we do or not will depend a lot on member research. We were also able to sign post the member who asked this question to the Suffolk Hold scheme as well.

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Our niche lending includes our really important Shared Ownership book, the Suffolk Hold scheme and the members who plan to Self-Build. It also includes Buy to Let business something we are really careful with in terms of our lending criteria but which also as well ,we think ,this has it's place in providing safe homes for those who can't immediately buy their own.

Finally, there were some questions around governance and mutuality.

On the Mutuality side of things, we have been able to confirm that our structure is that of a 100% Mutual organisation. Owned by, and run for, our members and not paying dividends elsewhere. This is something we are actually reinforcing though all of our Suffolk rebranding activities.

In relation to our governance we have had an opportunity to talk through how the voting works here today and also where and why and how we make available everything from our auditors reports but also the more detailed report and accounts as well. All incidentally available to all on the new web site as well.

So some great questionsany more ?

So just to confirm all the questions and answers and a record of this evening's narrative will be placed on the web site by next Wednesday and the question boards are at the back of the room.

Thank you ladies and gentlemen. We will now conclude this evening's formalities.

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

Thank you Rebecca.

- I declare BDO LLP duly re-appointed as the Society's Auditor.
- I declare that Ian Anthony Brighton, Fiona Winifred Mary Ryder and Alan Harris are duly elected as Directors.

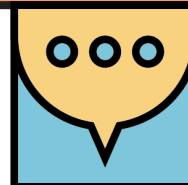
All of these results will be available on our website from next Wednesday.

Ladies and Gentlemen, thank you for your attendance and your attention. I will now formally close the Annual General Meeting.

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There will now be a two minute pause while the stage is reset for our special guest. Once we have everything in position for part two of this evening's proceedings you will be in the capable hands of our Senior Independent Director Fiona Ryder who will introduce our special guest.

Alan Harris
Chairman
Wednesday 23 March 2022

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