

# Peter Elcock, Chairman.

## Transcript of AGM speech 22 March 2023

Good evening Ladies and Gentlemen and a very warm welcome to the 173rd AGM of Suffolk Building Society and a particularly special welcome if this is your first time at an AGM.

For those of you who don't know me, I am Peter Elcock, Chairman of the Society. At the outset, I would like to place on record and thank our outgoing Chairman, Alan Harris, for his dedication and superb leadership of The Society and the Board. Alan served a total of 11 years with the Society and he brought great distinction and outstanding Stewardship, working tirelessly to deliver improvements and promote excellent governance leaving our Society in a stable, settled and strong position. I am indeed privileged to have served under Alan and to now assume his role.

This AGM is being broadcast live online and so I extend a welcome to those who are watching and following the meeting.

I would like to formally thank our special guest for the evening, Dr Amir Khan, who will be known to many of you and who will be introduced formally later. Thank you Dr Khan for taking the time to spend with us this evening and we look forward very much to your talk.

There are a few points of administration I need to mention:

Should the fire alarm sound, please make your way carefully and slowly to the nearest exit - members of the team will show the way and provide assistance if needed.

Please can I ask that mobile phones be switched off or turned to silent.

Some introductions:

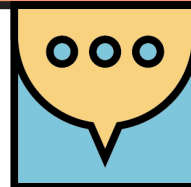
Joining me on the stage here are our Board of Directors:

- Steve Reid, Deputy Chairman and Chair of our Board Risk and Compliance Committee
- Fiona Ryder, Senior Independent Director
- Steve Liddell, Chair of our Audit Committee
- Elaine Lenc, Chair of our Remuneration Committee
- Sian Hill, Non Executive Director
- Richard Norrington, our Chief Executive, who you will hear from shortly.
- Rebecca Newman, our Chief Operating Officer
- Paul Johnson, Chief Financial Officer

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I will now summarise the agenda for this evening:

The AGM is the formal part of the evening where we present you, our members, the report and accounts and ask for your approval of these and for the appointment and reappointment of our Directors and Auditors.

We also ask for your approval of our Directors' People, Wellbeing and Remuneration report.

I will spend a few minutes highlighting key aspects of the Society's performance last year and then ask you to vote on the various resolutions, (if you have not already voted).

If you have not already voted, then you should have received a voting form as you arrived.

If you do not have one, please raise your hand and a member of staff will bring one to you.

Later we will collect in your voting papers and whilst 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, our Chief Executive, who will share his reflections on the last year.

After this we will consider questions from members including any that have been submitted online.

Finally, I will announce the results of the voting on the resolutions, before bringing the AGM to a close, following which Fiona Ryder will introduce our guest Dr Amir Khan.

So, we'll now let the formal part of the AGM begin...

Starting with apologies for absence we have three members who have given apologies.

Secondly, the minutes of the Annual General Meeting held on 23rd March 2022 have been read and signed by Alan Harris as Chairman of that meeting.

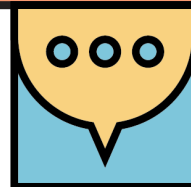
I will take these as read, but if anyone would like to read them, please could you indicate now and we will provide you with a copy.

Thank you.

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As I alluded to earlier, I will now briefly cover the UK economic backdrop, key aspects of the Society's financial and business performance, together with some personal reflections before we move to the Resolutions and Voting.

This last year saw us emerge from COVID – it is lovely to see so many without face masks and the 'social distancing', which was a feature of our lives for so long. How wonderful it is to have our freedom and liberties back!

However, the conflict in Ukraine has brought further tragedy and great sadness and unrest for so many. At home, we have felt the impact of increased inflation, driven by factors such as higher energy costs, food, fruit and vegetable shortages, increased fuel costs, and the higher prices of other everyday essential items. This, and staff shortages in some areas, has put a strain both on businesses and personal finances as the 'cost of living crisis' bites.

Coupled with political uncertainty, several changes in Prime Minister and the disruption caused by the mini-Budget and resultant market dislocation back in October of last year, this caused damaging volatility and a confidence crisis in the financial markets. Ongoing interest rate rises to control inflation – good for savers but not so good for borrowers – particularly those coming off historically low mortgage fixed term rate deals – has caused further challenges.

Thankfully, most forecasters and commentators are suggesting interest rate rises and inflation may not be as steep and prolonged as first feared, with things looking to stabilise and improve from next year onwards. Let us all hope so.

Despite my rather gloomy comments and despite these challenges, your Society has performed very strongly: I am delighted to say profit before tax was £5.9m (more than twice the £2.9m in the previous year), which has significantly fortified our capital position and augmented the strength and safety of the

Society. Our mortgage book (assets) grew 7% from £615m to

£655m reflecting existing and new members' appetite to do business with us; we enjoyed healthy demand for the attractiveness and competitiveness of our mortgage products. The Society is highly liquid i.e. very well able to manage day-to-day, short term cash demands and any particularly market-related stresses. We comfortably exceed our regulatory requirements in this respect, providing comfort and assurance to our members.

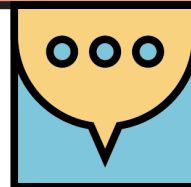
Staying on the positive theme, in addition to being awarded 'Best Building Society', the Society's mortgage business was Highly Commended for Best Specialist Mortgage Provider at the British Bank awards.

In addition, your Society was 'Highly Commended' for Regional Lending Provider at the Moneyfacts awards – a very high and widely recognised industry benchmark.

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These are tremendous achievements indeed and reflect the professionalism, expertise, innovation and great service provided by our excellent, hard-working and committed staff, of which we are all so proud.

Environmental, Social and Governance matters – or ‘ESG’ as they are now grouped and collectively branded, are a high priority in all businesses and social enterprises and consume much necessary board, management and staff time and investment.

Thankfully, ESG is entirely consistent with the Society’s own values, our business model, the community in which we work and the way we are governed and managed.

Whilst a new concept for some, ‘ESG’ is not for us - we have been living and breathing these important standards since our birth in 1849. It is very much part of being a Mutual and I am proud of our commitment to, investment in, and our overall strategic approach to this increasingly important subject.

Notwithstanding our excellent financial performance, healthy business pipeline and enjoying a strong and stable financial position, we are always thinking about and planning for the future. We have exciting projects in train to safely and prudently prepare us for the future and ensure we remain strong, valid, competitive and confident about our future as an important Suffolk business, and to continue to provide first class service, attractive and competitive product offerings, and our leading-member proposition.

This year we are prioritising; a refresh of our website for members and brokers; a new mortgage origination system and a new ‘e-savings’ platform which will enable us to offer an exciting, modern digital proposition. These projects require significant investment, which we are able to fund from our strong profits and which, whilst requiring considerable senior management and board time and focus, will ensure we provide increased efficiencies, market leading offerings, improved business effectiveness and improve our members’ experience of us.

I would like to place on record my thanks to my colleagues, your board of directors, and the CEO and executive management team for supporting me in exercising and living and breathing strong governance. This is essential for the proper, thorough and correct running of our business and adherence to the corporate governance code and the exacting standards set by the

Regulators – and of course – the expectations of our members, partners and the broader market.

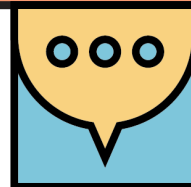
The Annual Report details the various board and executive committees we have in place to exercise proper scrutiny, oversight and the administration of our business.

I am proud to be a member of such a strong, talented, diverse and united board; each member

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brings their own blend of experience, expertise and specialism for the benefit of the Society and I am grateful for their support and contribution.

In closing, I would like to leave you with a summary of three key conclusions and reflections:

Financially – the Society is in a comfortable and strong position: profitable, liquid and with healthy capital – all of which makes us safe and stable – and with a promising business pipeline.

None of us knows what the future world order will be and how the current Ukraine conflict, power-shifts in the geo-political arena and ongoing volatility in British politics will pan out. Just very recently, of course, we have had the well-publicised failure of US Bank, Silicon Valley and a couple of other high profile failures of US secondary banks swiftly followed.

The US Government moved immediately to resolve the issue and provide the necessary assurances but nevertheless, bank shares around the world have reduced sharply because of fears about contagion and concerns about the safety of the broader sector.

This was followed just last this weekend by the failure of Credit Suisse - a Swiss and global institution and one of the world's 30 'systemically important banks' ie too big to fail. I think the speed with which this happened took everyone by surprise. Ultimately a rescue package was agreed with Union Bank of Switzerland (UBS) but nevertheless it sent shock waves around the world and resulted in considerable concern and volatility in the global banking sector.

However, I am confident that we, as the Suffolk Building Society, are well prepared: we are skillfully resourced with excellent and loyal staff and we are future-oriented; not only in continuing our strong financial performance but in the change programmes we have scoped, budgeted for and are now actively implementing.

I would like to recognise and acknowledge you, our members, for your support and loyalty during what I accept has been a difficult and challenging year. We look forward to continuing to work with you in 2023 and 2024.

Thank you again for your presence here this evening.

Having concluded my personal reflections on what has been a great year, I would firstly like commend the Annual Report and Accounts to the Members which is the first Resolution;

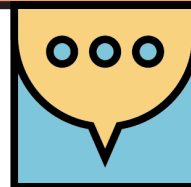
Resolution 2: to approve the Directors' People, Wellbeing and Remuneration report (this report is included on page 33 of the Annual Report and was also included in the Review of the Year which was sent to members with the notice of this AGM);

There have been no substantive changes to our approach to Directors' remuneration this year.

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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.

Within the report we have also detailed our approach to the financial wellbeing of all staff members. This year, with inflation rising to double figures and the impact on living costs, the Board decided to make a one-off payment of £1000 to the majority of employees, with part time and full-time staff receiving the same amount, and Saturday member assistants receiving a flat amount of £100.

The unprecedented economic pressure on households also had a significant influence on pay decisions this year, with salaries for employees increasing by 4% from June 2022. This was the largest annual increase by the Society in recent years, reflecting our commitment to provide cost of living support to our staff.

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

I Propose that the Directors' People, Wellbeing and Remuneration report is approved.

Resolution 3: 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 BDO is reappointed as auditor

Resolution 4: To elect and Re-elect the Society's Directors

It is proposed that Rebecca Newman and Peter Elcock are elected as directors and that Richard Norrington, Steve Reid and Elaine Lenc are re-elected as Directors.

For those of you who had not already voted and requested a form earlier, please kindly cast your votes now on the papers provided and pass to member of team.

These will be collected and added to votes which have been cast online, posted to us, or collected in branches.

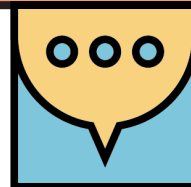
I am delighted present the David Coe award....

The David Coe Award is presented to members of staff who have demonstrated excellent customer care and focus which exceeds the normal requirements of their role. Staff nominate

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It is always a difficult decision, and we received some wonderful nominations this year, but after much consideration I am very pleased to announce our winner.

This individual joined the Society in June 2021 at our Woodbridge branch and in 18 months has been promoted to a Senior Member Assistant role. Their customer service is often complimented by colleagues, and they received several nominations for this award, one highlighting their “commitment, passion and enthusiasm” in helping both members and colleagues.

This individual also regularly receives glowing Smart Money People reviews, with members commenting on their welcoming nature, professionalism and knowledge. One member recently feedback that it was “a pleasure to be served by such a courteous and polite young man”.

In their short time with the Society so far, this individual has also supported the local community through delivering financial education to local high schools and volunteering with Suffolk Wildlife Trust. Recently they showed commitment to members by spotting an attempted fraud on a member’s account, taking prompt action to ensure the fraud was stopped at source with no member funds put at risk.

I and the Board of Directors would like to thank this individual for their true dedication and commitment to providing excellent customer care. They are an asset to the branch network and the Society.

The winner of the 2022 David Coe award is Benny Townley.

I’ll now hand over to our Chief Executive Richard Norrington.

Whilst the votes are being counted, I will take the opportunity to review members’ questions for the AGM.

We have had 43 questions in writing. All have had individual replies, and the questions and answers are posted at back of the room. All Q&As will be posted on the website within a week of tonight’s AGM.

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....

**The first relates to our Branches – where they are and whether we will have any more.**

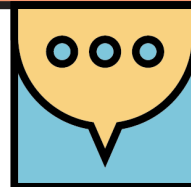
We have nine branches and one agency in Suffolk. We are committed to maintaining our local presence and serving our local community, but we do have to balance this with the need to manage our expense base, to ensure that we can also continue to provide competitive

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products for our members. We therefore do not have any current plans to open new branches, but we are actively looking at how we can best serve as much of the local population as possible.

**Related to that, is the second theme in the questions which is around the Society's ability to offer an online savings service.**

I can confirm that we have started a project to launch an online savings service later this year. This will be rolled out in phases and will give members more choice over how they manage their accounts with us in the future. However, linking back to the first theme, we remain committed to delivering a face-to-face service experience which will compliment an online offering.

**Another series of questions is around the theme of Remuneration and salaries for both staff and directors. So, how have we responded.....?**

Decisions relating to basic pay and performance-related pay are always intended to align with our commitment to the long-term sustainability of the business, values and objectives, and culture of the Society.

The Executive Director benefit package is designed to motivate decision making in the longer-term interests of both the Society and its members. We do regularly benchmark our remuneration 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. In 2022, all employees received a salary increase of 4%, the largest annual increase in recent years. The Society also paid a bonus to employees at all levels based on individual performance. A one-off payment of £1000 was also made to the majority of employees to assist with the escalating costs of living over the winter months.

**We have received a number of questions relating to interest rates and how the Society has responded to Bank of England Base Rate changes.**

You will have heard a little about the Society's response to base rate changes earlier in the speeches. When we respond to Base Rate changes, we consider the potential impact on both mortgage borrowers and savings members. Since last December's BBR change, whenever we have announced an increase in our SVR, we have also announced changes to savings rates at the same time. At present, we have increased our variable rate savings products by .07% more than we have increased SVR.

**The final theme from the questions is in relation to the current events in the financial sector and whether members money is safe at Suffolk Building Society.**

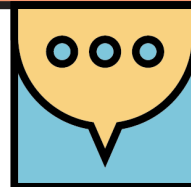
In response, I can say that Suffolk Building Society is well prepared. We have a well embedded Risk Management Framework which facilitates the close management and control of all risks.

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requirements. All savings up to £85,000 are protected by the Financial Services Compensation Scheme. Overall, The UK banking system is well capitalised and funded, and remains safe and sound. It is highly regulated.

If there are further questions in the room, please put up your hand and we will get a microphone passed to you.

Thank you, ladies and gentlemen. We will now conclude this evening's formalities and I will now read out the results of the voting:

- I declare BDO LLP duly re-appointed as the Society's Auditor.
- I declare that Rebecca Newman and Peter Elcock are elected as directors and that Richard Norrington, Steve Reid and Elaine Lenc are re-elected as Directors

All of these results will be available on our website within a week of this meeting.

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

And now to introduce the next part of the evening.

Before handing over to our Senior Independent Director Fiona Ryder to introduce our special Guest Dr Khan, we would like to set the scene by showing you a short film about a very special project we are supporting as part of our partnership with Suffolk Wildlife Trust and our Saving Suffolk Campaign.

I will now ask members of the board to leave the stage then the lights will dim and the film will start.

Peter Elcock  
Chairman  
Wednesday 22 March 2023

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