

Richard Norrington CEO.

Transcript of AGM speech 22 March 2022

Good evening to you all.

I would like to echo Peter's words, and warmly welcome you... our members and guests.... to this... our one hundred and seventy third Annual General Meeting. It is a huge honour to have special guest Dr Amir Khan join us this evening. I very much look forward to hearing his talk on nature and wellbeing.

The successes of 2022 - our first full year as Suffolk Building Society - can be summed up in the Best Building Society award we received in May. Widely recognised as the ultimate symbol of excellence across the banking industry, the British Bank Awards are decided by those who matter most to us: you, our members. This made our win all the more pleasing.

I was thrilled to be told on Monday that we have once again reached the finals of these awards. For 2023 we have been shortlisted in the categories of Best Building Society Savings Provider, Best Specialist Mortgage Provider and Best Building Society.

The reviews and votes which awarded us this huge accolade last year, demonstrate how much our friendly face-to-face proposition is valued. Our established branch network operated by helpful, knowledgeable staff is at the heart of our savings model.

It is our people who make the difference in our mortgage business too, the majority of which is arranged in collaboration with the broker market. We have secured an excellent reputation for our manual underwriting and flexible approach. And our mortgage teams regularly score top marks when benchmarked against competitors.

A talented workforce helps us improve our performance year on year. However it's also vital that we successfully navigate the headwinds and tailwinds of the economy and the housing market.

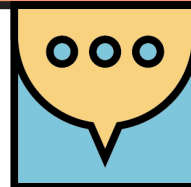
2022 was arguably the most eventful economic year since the global financial crisis of 2008. Global challenges such as post-pandemic recovery, and the conflict in Ukraine, have coincided with high inflation and low growth.

Back home, a mini-Budget and changes within government caused market volatility and a sharp increase in both the Bank of England Base Rate and swap rates. In simple terms, 'swap rates' reflect what lenders pay to financial institutions to 'swap' the fixed mortgage products to variable returns. Volatility in swap rates makes it more difficult for banks and building societies as there is market uncertainty.

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As a result of this uncertainty, coupled with the operational pressures caused by the extremely high volume of applications for fixed rate mortgages in the rising market, we, along with many other lenders, took the decision to temporarily withdraw from the mortgage market.

In an attempt to control inflation, the Bank of England raised the Base Rate eight times during our financial year, and last month saw the 10th rise in a row. It's eyes down again at noon tomorrow to see if that becomes 11.

When we respond to Base Rate rises by the central bank, our independence allows us to make decisions that balance the needs of savers and borrowers. The objective of the Base Rate rises is to reduce borrowing and to increase saving, and we have a responsibility to support the Bank of England in its attempt to get inflation under control.

We have, of course, done what we can as a mutual society to support our borrowing members. To help support with the Cost of Living crisis, we have established a Payment Shock Taskforce to proactively contact those whose mortgage payments are set to rise by over £200 per month. Our levels of arrears and repossessions remain low and our supportive approach is appreciated by members.

In a year of huge uncertainty and change I'm delighted to report that our mortgage teams completed on 670 mortgages, with our agile and innovative product team launching an impressive 365 products.

We recognise the impact of inflation on savers too and have increased rates wherever possible. On each occasion that we raised our Standard Variable Rate for borrowers, we have also rewarded savers, with higher rates on variable savings, on a product by product basis. During the year we have also introduced new fixed rate savings products.

I'm pleased to report that the Society opened 3,743 new accounts during the year which included 1,522 new savings members. 2021 saw us roll out and embed our new name and new brand values. The focus for 2022 has been to embed an ambitious Environmental, Social and Governance strategy across the Society.

We believe that economic growth is closely connected with the wellbeing of society at large and the protection of our planet. This is not a new concept for us.

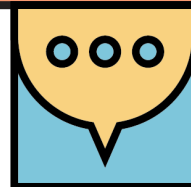
Since 1849, the Society has been committed to improving the social position of people in our communities, so I am proud that this central mission continues to this day.

We have embarked on new strategic charitable partnerships which will support two distinct campaigns over the next three years.

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Safe Homes for Suffolk will support homelessness charities (Emmaus Suffolk and Ipswich Housing Action Group) as well as Lighthouse Women's Aid. The Saving Suffolk campaign aims to protect wildlife and nature by aligning ourselves with Suffolk Wildlife Trust. This includes supporting the Trust with the creation of a new 289 acre nature reserve - Martlesham Wilds.

I am delighted to welcome key representatives from all four charity partners to our AGM this evening and they are available afterwards for you to learn more about the crucial work they do in Suffolk.

We are supporting these four organisations, in part through financial contributions but also through sharing our skilled resource, in the form of staff volunteering. Teams from the Society have taken part in several Wild Work days with Suffolk Wildlife Trust, and colleagues are using their four hours' volunteering allowance a month to provide professional support and expertise.

We have a team of 12 Environmental, Social and Governance champions across all areas of the Society, driving forward a programme of new initiatives and change.

In addition to financial and volunteering support, we are using our reach across the county to shine a light on homelessness and the environment, and engaging you, our members. To further support these campaigns we are producing a series of short films to inform and inspire action. I'm delighted that we will be 'premiering' the first of these films later this evening.

I would now like to turn my attention to the first of our three brand values - membership – and what it means to us.

As a member-owned Society, our annual general meeting is more than a mere formality. Just as we regularly measure the engagement of our staff, our AGM allows us to measure the engagement levels of our members. Every member who attends, and every vote received, counts. And we welcome every question posed to us this evening.

Our customer facing staff gain feedback from members on a daily basis, but for staff in non-customer facing roles our AGM is a great opportunity to meet you.

Each person featured in our brand photography is a member of the Society... and our latest photoshoot with our Suffolk-based photographer was oversubscribed with volunteers. We are always humbled that our members are proud of their association with us, and wish to become 'brand advocates'.

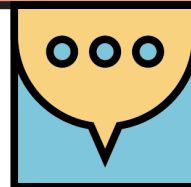
One of the ways in which we've successfully engaged with our members in the past has been through our hugely popular member event programme.

We are running a series of member events at Martlesham Wilds this spring and summer, which will include a tour of the new nature reserve. As you'll see in the film to come, I've experienced

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Martlesham Wilds for myself and I know these events will prove popular. Other member events for 2023 will be announced very soon.

Next, I'd like to share an update on our second brand value – accessibility.

Our current proposition involves a choice of face to face, email, website and telephone contact. Our website allows members to access information 24/7 and we continually seek to improve its look, feel and interactive functionality.

I'm thrilled to share news of our latest position on eSavings. We have engaged a supplier, signed contracts and work on designing and building the system has commenced. Some online savings capability will come later this year, with a gradual rollout into 2024 to ensure we can service different account types online. This online service will in no way replace our tried and tested branch network. It will instead complement our face to face offering and provide members with more choice in how they manage their savings.

On the lending side, the planned introduction of a new and improved mortgage origination platform will enable our intermediary partners to support digital customer onboarding, and allow a faster mortgage application process.

Livestreaming of our AGM began last year in response to Covid-19. We've decided to continue this to cater for members who may have other commitments which mean they are unable to attend in person. Being more accessible is fundamental, as we attempt to be as inclusive as possible and reach a wider, more diverse audience.

As a mutual we're driven by doing what's right, not what shareholders might demand. Which leads me onto our third and final brand value – community.

Once again, the Society has played an active part in supporting our local communities.

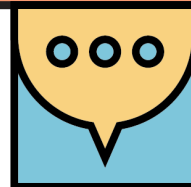
When the conflict in Ukraine started in February 2022, we immediately used our branch network to accept monetary donations to be distributed by the Red Cross. To date... £2,995 has been raised. When Suffolk Community Foundation launched its Surviving Winter fundraising campaign, we once again gave our full support. In addition to our new strategic partnerships, we were also able to donate over £19,000 to local charities thanks to one of our affinity savings accounts.

We welcomed over 800 people through the doors of our flagship branch Mutual House in Ipswich for Heritage Open Day in September. In addition to tours of this historic building, our archivist Margaret Hancock took guests on walking tours of Ipswich, to highlight the homes the Society built around St Nicholas Street in the 1890s.

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At the core of our community is the Society's 160 staff who support our members with their savings and mortgages.

Our staff culture has always been first-rate, and it improves year on year. It's a supportive environment where colleagues can speak up and know their views will be respected. In 2022 we launched a new behaviours framework, which means that how people go about achieving their annual objectives is fundamental. Every one of us is encouraged to be inclusive, caring and authentic, as well as professional and progressive, courageous and collaborative... to name just a few of our desired behaviours.

Every six months we invite our staff to tell us anonymously how engaged they are with the Society. I'm delighted to report that our staff engagement score rose by two percentage points from the previous survey to 76.6%, and we're now considered to be in the 'engaged employer' quadrant.

We celebrated International Women's Day earlier this month by showcasing the steps we're taking towards gender equity.

In 2021 we signed the Women in Finance Charter. This demonstrates our commitment to achieving 40% female representation in senior management by November 2024. We started out at 33% and are making progress, with new initiatives such as gender balanced interview panels, and gender balance within our talent pipeline. We currently have 44% female representation on our board, and continue our commitment to diversity and inclusion to ensure a diverse workforce.

With strategic charitable partners, Environmental, Social and Governance Champions across the business, a relaunched volunteering programme and two distinct campaigns centred around Safe Homes and Saving Suffolk, we are setting ourselves apart from our competitors.

We continue to invest in our communities, do the right thing and innovate by launching new products and services that improve accessibility and member experience.

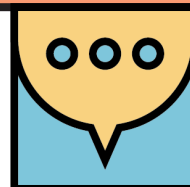
Despite a challenging external environment, and a significant change agenda internally, financial performance has been carefully managed across all areas of the Society. We are on a sound footing to achieve our vision of being a strong, growing, fiercely independent building society.

Before I hand back to Peter for the voting results and questions, I would like to make a small request. As is customary, we would like a photo to commemorate our 173rd AGM. This photo will be shared on our website and on social media.

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Please do make a member of staff aware if you would rather not participate.... I'd now like to welcome our photographer Cherry to come up to the stage to take this photo of you, the members who make up this successful Society.

Richard Norrington
Chief Executive Officer
Wednesday 22 March 2023

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