

NOTES FROM BEVERLEY BUILDING SOCIETY AGM PROCEEDINGS ON MONDAY, 25 APRIL, 2022

Chairman, Stuart Purdy, opened the meeting with the words:

Welcome to our first face-to-face meeting for several years. We do really value your presence here today.

Stuart introduced members to the agenda for the meeting and then announced Janet's appointment

Our CEO of five years, Karl Elliott, has decided to resign, effective from today, after five years at the helm of the Society. We are very sorry indeed to see Karl go, having decided to prioritise his family for a time, and send him our very, very best wishes. Nevertheless, Karl has done a sterling job in passing the baton on to his successor, and wishes the Society and our members great success for the future.

I am delighted to say that we've got some very positive news to balance this sad development, and that is that we're also announcing today that the Board of the Society has selected Janet Bedford as our new Chief Executive (CEO). Janet has been with the Society since 2014. She's a Chartered Accountant, and has excelled as our Finance Director and then Deputy Chief Executive. She's really been part of the process of building our financial strength and capital position, which are now so different to how they were five years ago, and set us up for our future ambitious plans to serve members in Beverley and beyond even better.

We're really delighted to have had Janet at the helm as acting CEO over the last nine months, while Karl was absent for a time, and have appointed her as permanent CEO based on the evidence of her outstanding leadership and vision for the Society in general.

Stuart then shared his usual reflections, as Chair, on the previous year

The last couple of years have been an extraordinary time and I remember my very first AGM, in 2019, standing in front of you, feeling a bit nervous and thinking 'how will this go?'. 'How will I get on with my first AGM?'. At the end of that event, I talked about how much I was looking forward to the next one, but of course we weren't able to have another face-to-face meeting until now.

So, it really is extraordinary to think we've had two years of living through the difficulty surrounding COVID-19. And, clearly, our thoughts are with all the members who have been affected in one way or another by this awful pandemic. Hopefully, we're now starting to see the end of it. I'm really delighted to say that almost every member of our team is here today, and it's thanks to them that, through the threat of that pandemic, the Society has been resilient. We have been able to continue to deliver the service upon which all our members depend, which is a great tribute to the commitment of our team and the work and willingness they have shown to maintain our operational service for our members.

Our Board, also, really did step up, to support the team, and I'm very grateful to my colleagues for their part in helping us to effectively prioritise service delivery for our members.

The housing market has been remarkably buoyant, both locally and nationally, and we're now heading into quite different territory in terms of inflation and its potential impact on interest rates, all of which is quite difficult to predict. However, we are operating from a strong base, which is allowing us to maintain some of our key performance metrics.

Our average loan-to-value ratio of 37 per cent is exceptionally low, and we also saw a very significant strengthening our financial performance, with profits as strong as they've been in the last decade. So that, again, was a testament to the resilience of the team. You'll hear us talk increasingly about the 'twin track' strategy we intend to follow, to make 100 per cent certain that the Society is absolutely focused on our local members while, at the same time, being expansive and trying to attract business from intermediaries elsewhere in the country to give us the growth opportunities to continue to build. We continue to be absolutely focused on our 'Building Better Futures' programme, which has been at the heart of that strategy for a number of years, and to protecting both our savers and other members.

We understand that security of access is important to our savers, in particular, and a number of members have commented to me about how our presence here in Saturday Market compares to other organisations which are encouraging people to go online.

Board changes

Our Board has evolved since last year's online AGM. Karen Wint, former Chief Operating Officer of Leeds Building Society, a very big and successful building society, has kindly taken on the role of Chair of our Risk Committee, in succession to Esther Morley, who resigned as a Non-Executive Director during the year, to take on an executive role elsewhere. Karen's already making a significant and very positive impact on the affairs of the Society, particularly in stewarding our approach to risk and credit management, which is so important.

Sue Symington is here this evening, who has been on the Board for a number of years and has ensured that we focus as much as we need to on Beverley and the surrounding areas. Sue has very kindly stepped up and taken on the role of our Senior Independent Director and I've received advice, support and help from her across a whole range of the Society's affairs, which I am very, very grateful for.

I'm delighted to introduce Oliver, too, who is a working Chief Financial Officer for the Lookers automotive business, based in Altrincham, with much experience of financial services. I'm delighted to welcome someone with such experience and capability to our Board, and Oliver succeeds Mike Heenan, who will be well known to everyone in the room. Mike's an extraordinary figure in the building society movement and was once mentioned in the national press for running 'the safest bank in the country', as well as being mentioned very positively in Parliament as having been a real shining example of the way in which a building society senior executive should run an organisation. We're very lucky to have had Mike's services on our Board, as interim Chief Executive for a time, as a non-executive director and as chair of various of our committees. He's made an immense positive impact to the development of the Society and we sincerely thank him for his work.

Every time I visit the Society, I see our special values represented in the work of our team, and that work will continue in order to support and deliver for you, the members who place your trust and your support in us on an ongoing basis.

Stuart then handed over to Janet Bedford, new CEO, who gave the following presentation:

I'm so pleased to be at a face-to-face gathering today, and a warm welcome to all our members and community partners who have taken the time to be here today. I hope you do recognise me. I have been here for eight years now as Finance Director and Deputy CEO, working with Karl on evolving our 'Building Better Futures' strategy! I'm really excited to take the Society forward as CEO, and about working with our passionate team to build on the success we've already achieved to date.

I want to publicly thank the team who worked so hard, as Stuart mentioned, during COVID. By working tirelessly and flexibly, they managed to keep our operations open throughout this very challenging couple of years. As a result, I think we've emerged from this pandemic with greater adaptability, greater resilience and greater scope.

We do have to recognise that, despite remaining in relatively good shape, in our market environment these are still challenging times. We very much empathise with our members amidst the rising costs triggered by successive Bank of England base rate increases, inflation and the very sad situation surrounding the conflict in Ukraine. Typically, in volatile situations such as these, mortgage customers tend to move to long-term fixed rates and that can be quite challenging because smaller societies, such as ourselves, are less able to compete in this market. However, as shown in our financial results, we have the financial strength to withstand this heavy weather. We are therefore confident in our ability to grow further by doubling down on our efforts to support those customers who need the extra time and effort we can offer them as a lender. In fact, this ability to cater for those often sidelined by the volume lenders, even in the toughest times, was among reasons we were awarded Mortgage Provider of the Year in 2022, in the Yorkshire Financial Awards, of which we are immensely proud.

As an organisation, as Stuart mentioned, we do have a very clear purpose. And it's very much in line with the founding principles of building societies, which were set up to help ordinary people buy homes. Our mortgage team individually underwrite each case, and are dedicated to helping people buy homes when many won't. This includes people who are looking to build their own homes, people who are self-employed, people who want to take their mortgages into later-life, people who want to help other family members buy their own homes. Life is increasingly complex for all of us and not everyone fits into the increasingly-common automated mortgage processes. We recognise that they need time and space to explain their unique circumstances and to have a lender that truly listens.

Similarly, for savers, in an automated world where branches are closing on a daily basis, we are passionate about retaining our face-to-face customer service. You will notice we are one of the few financial institutions that is back to opening nine-to-five in Beverley at the moment. I also hope you like the new fresh look of our branch.

I do appreciate that savings rates in the market are generally very low at the moment. While we provide above-market rates for savings, I appreciate this is little comfort. However, as you may have seen from our Annual Report and Accounts, we have seen significant inflows in the last few years, as people recognise the value of our fair and transparent rates and exceptional customer service. We've recruited a number of new colleagues to help us maintain that. Alongside our established team here today are Simon Glass, who has joined us as Head of New Business Lending; Debbie Connolly, our new Marketing Manager; Clare Walters, our new Risk Manager, James Woodhead who joined our Savings team last year; Jacob Chambers who is now part of our Mortgage team, Zoe Spence our new Collections Manager, and Steve Brusby, who has joined our technical support team.

As a mutual, you may question why it is so important that we grow and build as a business. The answer is that the more efficient and successful we can be, the more we can reinvest back into the Society and help our membership. It also helps us support the vitality of our community, whether that's by helping fantastic charities such as the Cherry Tree Community Centre, from which it is lovely to see Manager Jo Ramsay here tonight, or by providing colleagues with days they can use to volunteer there or elsewhere, we are striving to help more and more people in our community.

And, finally, a little bit more about me. After a whirlwind, 15-year romance, I'm also planning to get married this year. And I'm also Mum to my 11-year-old son, therefore spend most of my weekends watching junior football and negotiating iPad time, experience I hope will resonate with many of the families in the room. So please, when you're in the branch, or tonight, please come and say hello. I'd love to hear your feedback. Because understanding your stories will help build our story, together.

Janet Bedford, CEO, then handed over to Jo Ramsay, Manager of The Beverley Cherry Tree Community Centre, the Society's Charity of the Year 2022

Thank you all for inviting me to be here. Hearing about the values of the Society, I can see they are pretty much the same as our Cherry Tree values, and the care they have for the community.

The Centre has been around for about 25 years. I've been there about 17 years. I started on a Friday afternoon. I just used to go in for a couple of hours and do advice. My background is social work, so I used to offer free advice on benefits, employment and debt, that sort of thing. And then, in 2008, the credit crunch happened and that was a different world, and East Riding Council came to me said 'we want to fund you'.

It was quite bizarre because people were coming into the Centre and handing me their keys because they didn't want their loans anymore. There was a lot of bad lending going on, on the estate where the Cherry Tree is in Beverley. I thought 'what am I going to do with these keys?', but we got through that and then it basically just developed into what it is today. From 2015, the need for support among local people and those in the surrounding areas has been massive.

I'll start by talking about our pre-school. We have a pre-school which had an Ofsted visit a few weeks ago, and we got 'good, good, good'. Thank goodness! In the pre-school, we have about 42 children, two-year-olds, three-year-olds and four-year-olds. Then we offer wraparound care which is the Breakfast Club, our school club for people who work. It isn't like a normal pre-school. We never know what we're going into, we have daily meetings, social worker and child protection meetings. There is always something.

If you imagine, the Cherry Tree Community Centre is like a house. When people come to us, they might have just had the bailiffs round, or maybe they've got no food. And we'll say 'okay, don't worry', and offer them the opportunity to come and speak to our advice team.

Another example is a child we had recently, who was struggling to just sit and eat. Because of COVID, many children don't sit at tables anymore. So we seem to be giving our tables and chairs away to teach parents how to get their children to sit and do that. We've also had to change the way we do food. These children are hungry, constantly hungry. We used to give them a snack at 10am, but we give it as soon as they get to us now. Parents struggle, there's a lot of food poverty around. We have to check the children's pack-ups because they can be really poor if the parents are struggling with food. The staff in the pre-school we've had for years and years, or they're parents who want to volunteer and give back.

Then we have the advice service. This was how I came onboard. We average about 1,000 calls a month and we kept the advice going despite COVID. We had calls about furlough, from people who didn't know what to do. It was just constant. We had calls from Plymouth and other parts of the UK, from family members who were worried about people in East Yorkshire. They didn't know if their family had food and elderly parents couldn't get out or were too scared to leave their homes, so we dealt with that, and we are still working in partnership with East Yorkshire Food Bank.

It felt a bit strange because we were all at home, but I had a community centre to run which had had to close down. Our pre-school team continued working closely with social workers who were in contact with vulnerable families, and we took Easter eggs round for the children and left other essential items on their doorsteps that they said they needed.

The calls were just coming in constantly because, for many people, that time was awful.

On one of the busiest Saturdays, I took 18 calls. They were usually food or poverty related, or about partners leaving. People were wondering what to do about employment or how they were going to cook dinner. I wanted to do more, so I thought 'we'll set up a pantry'. I bought a shelving unit and filled it with food, and the trustee's said 'no, we're not doing that, we're not that kind of place'. Then I got another shelving unit. I watched what other places were doing and thought about we could do. We started by thinking 'if we can get 50 people to join, that's 50 people we're feeding'. Within the first month, we had over 100 people joining our pantry. There was a small charge of £4, and if they didn't have it, we dealt with that.

For those four pounds, members choose 10 items and then they get free fruit and vegetables, free breads and any other free food we can give. It's all about making the difference.

One person said 'I've never followed a recipe in my life', so I just typed out a basic recipe and put it on the fridge. Again, it was about helping families do things like that.

But I'll be honest, not many people appeared with £4, because they couldn't afford it. I had somebody just last week who didn't come in during their time slot – which everyone gets. We'd been watching this person for a while and when they didn't come in, I sent them a message saying 'are you OK?'. They said they didn't have the money so I said 'it doesn't matter, just come in'. I put 'paid' next to nearly half the members that come. You can always tell when people aren't taking the Micky, you wouldn't stand there if you didn't need to be there.

I've also had someone putting an envelope containing money through the door for the past few months, and I finally sized up who it was and asked them why they were doing that, and thanked them. They said 'because if my Mum had had somewhere like this place to go, life wouldn't have been as hard as it was when we were children'.

We now have 176 members of the pantry. We have NHS workers, council workers. I would call it now the 'working poor', because once they've paid everything they can't afford the basics like food. I got asked by someone the other day 'can you help me with fuel?'. I said 'do you mean gas and electric?'. And they said 'no I'm a nurse and I can't afford my fuel to get to work'.

We do have little pockets of funding for emergencies and we look at sustainability, what are they going to do? Are they getting all their benefits? We never just turn anyone away, we look to find out what we can do for them.

Then, our youth club started in about 2015/16 and we had, pre-COVID, 57 children on our books. I'm passionate about this one because this is causing me a lot of problems on my Fridays and Saturdays at the moment. There's loads of anti-social behaviour going on in Beverley. It is our children who we've worked with, they're out on the streets and so we're working with them on the streets and in the parks. A lot of people are not happy with some of their behaviour. In the last few weeks, I've been at meetings with the Police and seeing what we can do. What we need is a place for them, which hopefully I'm securing.

Last Saturday was quite enlightening. I was at a meeting with the Police and the local MP was there, and the council, and there were about 50 members of the public saying how awful it was and they 'daren't leave their homes' due to anti-social behaviour. They asked me what I thought, in the end, and I said 'I've got a place for these kids'. Because all they were doing was moving them on, but that's not the answer because, in a few more weeks, they'll be moving them on again. So, I said I've got a place. It's very old, it's very dirty, and then all of a sudden these members of the public said 'I'll do some decorating', 'I'll teach them to cook'. One of them was an 80-year-old lady and she said she got a psychology degree when she was 67, and she would talk to them!

So I came away, having listened to all these people and seeing that, okay, they were upset, but now they're willing to give these kids a chance. So, I'd like to say a huge thank you to the Beverley Building Society team who have been to visit us in the pantry, and have volunteered, seen what goes on, packed food bags for us. It's just fantastic.

Some of your members have donated Easter eggs which made a huge difference to making sure that every child had a nice treat over Easter. We've had a shortage of clothes for some of our children and some of your members have put clothes in your collection box. We've had toiletries given, which is a massive thing with our Youth Club kids, simple hygiene products like body sprays and hairsprays, things we just take for granted.

The Youth Club have actually won an Aspire award, having been put forward by some of our MPs, and are at the Houses of Parliament tonight. It was quite funny because the children normally dress in hoodies or trackies, and they had no clothes to wear! So we've been busy trying to get them suitable clothes. I think we've given out 20 tonnes of food in the last 12 months, so you can imagine it's just absolutely crazy!

Some of my friends don't believe it happens in Beverley. But it does. It could happen anywhere.

About 25 years ago, my Nana lived in Hull and she said 'I want to set you up with a bank account for yourself'. And it was actually a Beverley Building Society, and now, through this partnership, I can see that the Society's values are just the same as ours.

So I just want to say thank you all for everything, for all the donations and everything you do for us. Thank you.

Stuart then paused for members' questions, and asked Janet to respond to a question a member had asked about the future direction of interest rates.

Janet explained that the markets are widely predicting that the Bank of England Base Rate, which influences mortgage and savings rates, could potentially rise as much as 1.25% by the end of 2022. However, she said the recent announcements by the Bank suggested this was potentially too high, therefore 1.00% seems realistic at present.

Stuart then shared the results of members' voting on the Society's AGM resolutions for 2022.

He closed the formal proceedings and thanked everyone for attending.