



# Minute of the Annual General Meeting

26 April 2021

**MINUTES OF THE ANNUAL GENERAL MEETING** held at 6 p.m. on Monday 26 April 2021, convened at the Offices of the Society, Mutual House, Morton Road Darlington, DL1 4PT, attendance restricted to Society personnel and within the Government Guidance in relation to the Covid19 restrictions relating to meetings, with 6 attendees physically present in the building and adhering to social distancing guidelines, these being Andrew Craddock, Christopher White, Darren Ditchburn, Alison Etherington, Kim Flynn and Patricia Brown

Present: Jack Cullen in the Chair (JC)  
 Bob Cuffe (BC)  
 Ian Wilson (IW)  
 Angela Russell (AR)  
 Christopher Hunter (CH)  
 Christopher White (CBW)  
 Andrew Craddock (AC)  
 Jon Sawyer (JS)  
 Jessica Williams (JW)  
 Kate McIntyre (KM)

Draft Minutes finalised by PB and issued to AC and DB 27.04.21  
 AC —  
 DB for Final Exec comment  
**Issued to Directors for comment**  
 Approved for circulation with June Board Info Pack

Company Secretary David Bews (DB)

Apologies: None

Members:

Sarah Horley	Darren Ditchburn	Patricia Brown	Kim Flynn
Alison Etherington	Louise Thorpe	Caroline Bailey	Alison Ince
Maureen Mitchell	Mitch Hargreaves		
Mrs A C Thain	Mr D B Turner	Mr J D A Ramsbotham	Mr K F Lewis
Mrs S Fell	Mr A N L Williams	A P Tierney	Mr R E Allen

In Attendance  
 Vicky Cooper

Scrutineers UK Engage

Auditors David Heaton, Deloitte's

JC welcomed members to the meeting and provided details in respect of the virtual meeting, clarifying the methodology for asking questions.

- 1. NOTICE OF MEETING** – JC sought and received agreement from members to take the Notice of Meeting as read.

2. **ANNUAL REPORT AND ACCOUNTS, REPORT OF THE DIRECTORS ON REMUNERATION AND APPOINTMENT OF PRICEWATERHOUSECOOPERS AS AUDITORS**

JC advised members that the Annual Accounts, Directors' Report and Annual Business Statement together with the Auditors' report thereon, had been available to members on the website since 25 March 2021.

JC continued his introduction as follows.

"2020 proved to be an exceptional year but not in the way, anyone could have predicted or could ever have wanted. It started normal enough but by the end of quarter 1, bank base rate had been reduced twice to its lowest rate in history; the country was in total lockdown; the government had implemented one of the most significant financial support packages ever to keep business afloat and contain the risk of rampant unemployment; and one of the world's most prevalent pandemics had taken hold on many parts of our planet.

Our senior team were now coping with a live threat to our operational resilience and, along with every single colleague, were forced to rapidly implement and adopt revised working practices not only to keep everyone safe but also to allow our business to operate effectively with many people now forced to work from home.

We were also forced to take some tough decisions on such matters such as savings interest rates, spending money to help protect and support our colleagues at a time when forecast revenues were significantly reduced but also to do what we felt were the right things. As examples, we supported positively every Member who contacted us regarding potential risks to their mortgage payments. We continued to do volunteer work where we were allowed, and we provided donations for local good causes such as food banks. We contacted potentially vulnerable customers by phone, provided colleagues with some certainty at a very uncertain time by promising no furlough, no redundancies and no pay cuts and we even went further than that by recruiting 8 apprentices.

Many of our colleagues found lockdown and working from home really tough and many suffered, as I suspect did many members, some personal loss and heartache during 2020.

Throughout the year, we continued to invest in our business, to keep people safe, continued to ensure our business remained viable, continued to support members and colleagues as best we could under constant, but evolving restrictions and as the year progressed, we were well positioned to take advantage of the burgeoning demand for mortgages as many other firms went in and out of the market, we continued to support current and future members by offering a variety of mortgage solutions. So, although we ended the year with profit down significantly on 2019, we did increase our assets by nearly £40m, increased our liquidity and our capital reserves and we continued to invest in our business for the future.

And as I watched all of the above happen, I can advise every one of our Members that the Board and I were hugely impressed by the leadership and fortitude of our Chief Executive Officer, and immensely proud of the way in which every single colleague adapted to new

practices and worked even harder to continue to serve our Members throughout a very difficult year. So notwithstanding a very challenging year your Society remains very strong and resilient.

In many respects, what made me most proud was how everyone worked to support everyone else and how that spirit resulted in the Society reporting one of the best rankings in the Banking Standards Board Annual Culture Review, being accredited with a 2 Star Rating in the Financial Times Best Companies List we have also been nominated for 'The Best 30 Companies to work for in the North East', The Best 30 Financial Services Companies to Work For' and the Top 100 Mid-Sized Companies to Work For'. And it's not about winning awards but it is about all of our colleagues being recognised for their outstanding leadership, the resilience and the contribution.

I cannot finish without saying a few words about the future.

Although the nightmare of the pandemic is not over and the threat to economic recovery remains real, there are positive signs for the future. The continued government support for the economy, the success of the vaccination programme and the momentum built within the Society in the latter stages of 2020 certainly augers well for a much-improved financial performance for the Society in 2021. Real risks remain, but the Board is confident that our Society can continue to invest in its infrastructure to provide enhanced Member services, continue to grow safely and continue to remain strong for the foreseeable future.

Many of our eagle eyed Members may have noted that in a departure from previous years that ALL Directors are up for annual election. Although we are not obliged to do this under the UK Corporate Governance Code, I can confirm we reviewed this practice following a question put forward at last year's AGM by Andrew Hill, and the Board believe this to be good practice and has therefore now fully adopted this process. I am happy to commend all Directors for election.

JC thanked attendees for listening and handed over to AC, who provided a report on the progress of the Society during 2020 as follows:-

"I am delighted that you are able to join us all this evening for our 165th Annual General Meeting. Although it is not the same as being in the same room and sharing tea and cake, at least we are able to see and interact with each other. I very much hope that we will be able to meet in person at our next AGM in 2022.

I want to talk this evening about three things:

1. Our financial performance in 2020;
2. What else we achieved in 2020 to make a difference to our people, our members and the local community; and
3. My thoughts on 2021 and our future plans

The first thing I want to say about our 2020 financial performance is that we did not take any government cash at all – we did not use the furlough scheme to pay any of our staff – we did not receive any business rates relief – we did not take any government cash at all to support us during 202.

Why – because over the last 165 years we have built a very strong and resilience Society that has robust reserves and can weather through storms such as the Covid pandemic without the need for any external support.

Having said this, obviously the pandemic has impacted on our financial performance, and our 2020 profit is about £1m lower than 2019. This is due to four main reasons:

1. As the pandemic closed the housing market in the first lockdown in early 2020, our lending and our balance sheet reduced, which impacted on the amount of interest we earned on mortgages in the first half of the year. Although the housing market bounced back strongly in the second half of 2020, and our balance sheet increased overall in the year, this was not sufficient to recover all the lost ground in the first half of the year.
2. In March 2020 in response to the pandemic and the lockdown, the Bank of England reduced interest rates to the lowest level seen in many years. In turn we reduced our mortgage rates which reduced our interest income. Whilst we also reduced our savings rates, we did try and delay this for as long as we could and we did not reduce our savings rates by as much as we reduced our mortgage standard variable rate. I do understand that this low interest rate environment you have been experiencing for some years has been very difficult for savers seeking a return on their cash. We have tried to protect the rates of our existing members as much as we can but have to balance carefully the needs of all of our members.
3. Overall, our costs increased in 2020 as we incurred additional expenditure to cope with the pandemic - and we also continued to invest in the Society to improve our member proposition and strengthen our resilience and security – so that we are in a very strong position to compete in the market as the lockdown restrictions are lifted
4. Whilst the outlook for the UK economy is improving, there does remain a level of uncertainty as we recover from the pandemic, and to ensure we have funds set aside should the need arise, we have also increased provisions for both residential and commercial property assets on our balance sheet.

Our gross mortgage lending in 2020 was £124m and we increased our savings balances by £19m, increasing our total assets to £705m – which now makes us a top 20 building society in the UK.

Throughout 2020 the Society has tried very hard to look after all our people. We did not make anyone redundant, full pay was maintained throughout, including for those in isolation and shielding, and no use was made of the furlough scheme. We also continued to recruit to

maintain our levels of service and we also made changes to the Society, including recruiting a number of new apprentices. The health and safety of our people and members was our number one priority throughout the pandemic. All our staff responded fantastically and transitioned seamlessly into a very new and different operating environment

I am very proud of the way our staff reacted and the outstanding service they continued to provide for you our members throughout a sometimes challenging environment:

- We kept all our branches open, albeit on reduced hours, throughout the pandemic, to maintain an essential service to our members and enable you all to access your accounts
- We kept lending throughout the whole pandemic, to enable our members to purchase or re-finance their homes, including high LTV mortgages
- We provided just under 900 mortgage payment deferrals to support those struggling through the pandemic
- We made thousands of welfare telephone calls to our more vulnerable members to check in with them and make sure they were okay.

And despite the very challenging environment, we continued our support of our local communities by:

- Providing just under £80,000 in cash grants, as part of our pledge to donate 5% of our profits each year to local good causes – which in 2020 included funding to help provide food for those in need, additional facilities for young people with autism and accommodation for the homeless
- Supporting our people to continue volunteering such as supporting Age UK North Yorkshire to tackle a loneliness epidemic amongst older people, providing trained mentors for the Girls Network and providing marshals for the flu jab programme.

January and February this year were very difficult for all of us, but as we now move into the second quarter of 2021 the outlook is improving, particularly with the success of the vaccination programme and the continuing government support to the economy. Whilst I am sure there will continue to be bumps in the road ahead, the Society has performed very strongly in the first quarter, and I am confident of a much improved financial performance this year, which I look forward to discussing with you in person at our AGM in 2022

We are also continuing to invest in the Society, and a number of projects which started last year and were delayed by the pandemic will shortly deliver real benefits

- Our branch network – over the last couple of years we have refurbished our branches in Guisborough, Yarm, Barnard Castle and Northallerton. This year we will be relocating our branches in Redcar and Bishop Auckland to new improved premises. We will then turn our attention to our branches in Darlington, Stockton and Middlesbrough
- We continue to invest in IT – we will shortly implement a new platform for our broker partners to provide us with mortgage applications, a new telephony system to make it easier to contact our people, a new website to make it easier to interact with us online and later in

the year a new online banking system. We also continue to invest in the security and resilience of our systems

- We also continue to invest in our member proposition and will continue to launch new competitive, value for money products and services, for both our borrowing and saving members. Indeed, just last week we launched a new savings product for our Teen Savers with a very attractive interest rate.

Finally, I would like to say how very proud I am to lead your Society, which is a real privilege. I have been truly humbled by the performance of the whole team at the Society over the last year and how they have performed in very challenging circumstances. I would like to thank each and every member of the team for their excellent performance in supporting each other, supporting our members and supporting the local community – really making a huge difference

I would also like to thank you, our members, for your support and loyalty during these difficult times, and I look forward to emerging a stronger, more resilient and more caring organisation, very much fit for the future.

AC concluded his speech by introducing a short video showcasing the very essence of the Society and what we stand for – living our purpose of encouraging saving and supporting home ownership”

Members were invited to ask questions, of which there none on the event. One question had been previously posed as follows:-

### **Question 1**

What steps has the Board taken to recruit appropriately qualified directors from the black, Asian and minority ethnic community?

### **Response**

Thank you for your question. Achieving the right mix in our Board is something we are very mindful of and our overriding principle is to recruit the best person for the job, irrespective of gender, ethnicity or any other form of discrimination. What is important is that whoever we recruit fits with the Society’s culture and brings the relevant skills and experience we are seeking. We also try to attain diversity of thought and perspectives in our recruitment to ensure we avoid board ‘group think’.

Our board of directors reflect this sentiment in many of our discussions as we strive to create a fully inclusive environment for all of our colleagues, members and communities. We specifically included coverage of Equality and Diversity in a recent external Board Effectiveness Review and I can advise there were no material issues raised in this regard.

In terms of recruitment, our brief to any Recruitment Agency is always to seek the best candidates, and we are specific regarding no discrimination. CV’s are often reviewed ‘blind’ so as not to be influenced by gender, ethnicity etc.

As there were no further questions, JC introduced a short film about the work undertaken to support the local community in the last year.

DB moved the formal business before the meeting and he proposed to receive the Annual Report and Accounts for the year ended 31 December 2020, to approve the Report of the Directors on Remuneration, and to appoint PricewaterhouseCoopers LLP as Auditors until conclusion of the next AGM. Additionally, being eligible, he proposed that Jack Cullen, Andrew Craddock, Robert Cuffe, Christopher Hunter, Kate McIntyre, Angela Russell, Jon Sawyer, Christopher White, Jessica Williams and Ian Wilson be re-elected as directors.

DB went on to state that being a virtual AGM, voting had already been counted with the vote having closed at 5 p.m. on 21 April.

DB announced the results of the polls as follows:-

Resolution	For	Against
1. To receive the Annual Report and Accounts.	3,860	25
2. To approve the Report of the Directors on Remuneration.	3,678	197
3. To appoint Price Waterhouse Coopers LLP (PWC) as Auditors.	3,775	104
4. To re-elect John (Jack) Cullen	3,779	95
5. To re-elect Andrew Keith Craddock	3,772	101
6. To re-elect Robert Cuffe	3,777	99
7. To re-elect Christopher David Hunter	3,767	107
8. To re-elect Katharine Sarah McIntyre	3,797	86
9. To re-elect Angela May Russell	3,785	91
10. To re-elect Jon Sawyer	3,780	88
11. To re-elect Christopher Ben White	3,776	97
12. To re-elect Jessica Abigail Williams	3,778	95
13. To re-elect Ian Douglas Wilson	3,762	109

DB confirmed that all resolutions were duly carried and all Directors had been duly re-elected, and he then handed over to JC.

JC commented on the charitable donations raised through voting and was delighted to report that this year £2,522 had been raised which would be presented to Teesside Hospice.

JC announced that as there was no further business in accordance with the Rules and Statutes the meeting be declared closed. He further added that the evening would conclude with a short video in which the staff the Society say three words which describe what Darlington Building Society means to them.