



BEVERLEY

BUILDING SOCIETY

Building Better Futures

Transcript of Beverley Building Society's 2020 Annual General Meeting

In the building

Karl Elliott, CEO – KE

There were five eligible voting members (in addition to KE) in attendance

via video call

Stuart Purdy, Chairman – SP

Mike Heenan, NED – MH

Richard Pattinson, NED – RP

Sue Symington, NED – SS

Esther Morley, NED – EM

Mark Marsden, Risk Director – MM

Janet Bedford, Deputy CEO – JB

Lesley Wegg, Head of Operations and Meeting Secretary – LW

Martin Cross, representing PWC – MC

Chief Executive, Karl Elliott: Good morning everybody and welcome to the previously-adjourned 2020 Annual General Meeting.

We will go straight into the formal matters of the meeting, if you can all bear with me as I navigate my way through this.

We have got five eligible voting members in the room, which is great, and myself as well, so there are six of us. We normally need, for an AGM, 15 people to be quorate but, to fill everyone in who's here, the original AGM took place yesterday, outside Brown's Department Store. I was there, no one else turned up, so I adjourned the meeting and immediately re-arranged it for 9 o'clock this morning here at our Head Office. So this is actually the adjourned meeting of our AGM this year and the reason that's important is that, for an adjourned meeting, we don't have to be fully quorate for that meeting, it's whichever members turn up and take part, so you now all qualify

as the quorate group for the AGM for this year. We'll capture all of that, I'm sure, in the right order, when we write the minutes up.

As I'm the only director present in the building, I'll work my way through the agenda. We've also got a couple of members' questions which we'll come to at the end, but, given we have no members present we're not going to go into lots of presentations and details, we're going to save that hopefully for a members' event we can run later in the year, all other things allowing. So, for today, we're just literally going to work through the formal agenda that you will have seen in your packs, one by one, complete each resolution to satisfaction, answer the questions that the members have asked us, and then we'll call it to a halt.

In which case, just working through the agenda very simply, point one is to receive the Auditor's Report, and the Directors' Report, Annual Accounts and Annual Business Statement. They have all been circulated beforehand and are available online for everybody. So, we had, just so you know, we had 1,003 votes in total, so for Resolution 1, we have a total of 969 votes for, 21 votes against, 6 withheld, which means we have a for-vote of 97.89%, so we'll carry that as passed.

So, we'll move on, the resolution to appoint PriceWaterhouseCoopers as auditors. There were, of the 1,003 votes, 937 in favour, 45 against, 12 withheld, so a total for-vote of 95.46%, so that's a 'yes' for PwC.

Next one is the re-election of the various directors of the Board, so we'll go through these in order;

First to elect Esther Elaine Morley, of the 1,003 votes, 936 in favour, 42 against, 16 withheld, so a total for-vote of 95.74%, so we'll carry that as a resolution passed, congratulations. [Chairman Stuart Purdy also congratulates Esther].

The next resolution was to re-elect Martin Robert Cocker. Now, unfortunately, before we got to this stage Martin left us at the end of March to go and take on a Finance Director's role in another organisation. So, we will withdraw that resolution because it's no longer appropriate and I note our thanks to Martin for the service that he provided over the years he was on the Board, and wish him the very best of luck in his new venture, and hope it goes well for him.

So, moving on, next, to re-elect Michael Richard Heenan. Of the 1,003 votes, we have 934 in favour, 49 against, 12 withheld, a total of 95.06% in favour, so we'll carry that resolution as passed [Stuart congratulates Mike].

Next, to re-elect Susan Ann Symington. Of the 1,003 votes, 935 are for, 47 against, 12 withheld, which gives us a total for of 95.26%, so we'll carry that motion as passed [Stuart congratulates Sue].

The next one's a little tricky because it's me. Ordinarily, I would stand down now and someone else would put the resolution to the room, but I'm the only person in the room who really ought to be putting the resolution to the room! Given that the total votes 'for' is very high, I don't think anyone can accuse me of having deliberately tried to skew the process or the good governance of the meeting, so I'll carry on, but I just thought I would put that point on the record in case it was challenged at a later date.

So, for the re-election of myself, Karl Jeffrey Dixon Elliott, we've got 1,003 votes, of which 934 were for, 47 against, 11 withheld, so we have a total of 95.26% for, so again, that motion's passed. [Stuart says 'well done Karl'].

And then, finally, from a voting point of view, to approve the Directors' Remuneration Report. This is an advisory vote which we carry out and we have, of the 1,003 votes, 883 for, 92 against, 16 withheld, a total of 90.67 per cent for, so again that is passed.

Before I move on, because there was a lot there, does anyone have any questions? [No questions asked]. Great. Ok. In which case, I'll move on to any other business.

The three pieces of any other business I have are the three pieces of correspondence from members. So, I'll work through those and then come back to the meeting to see if there is any other business on top of that.

Questions, we had one from a Mr XXX:

'Could the directors please comment on the effect that the virus-induced economic depression is considered likely to have on the Society's investments, its cash reserves and the security values on the mortgages advanced, and what mitigating steps can be taken?'

The one joy of chairing the meeting is that I get to pass that question on to somebody else! But fortunately for Janet, she already knew it was coming. So, Janet, would you like to respond to that?

Finance Director, Janet Bedford: Yes sure, thanks Karl. So in terms of its investments, all the Society's treasury assets are materially invested in the Bank of England, which is deemed the most secure place to invest at any time but particularly at a time of recession. UK-wide, there have been inflows into savings accounts during the pandemic, a Financial Services Compensation Scheme-protected cash deposit is seen as a place of safe harbour when there is significant volatility in other investment classes such as the stock markets. The Society has also seen inflows of savings, which has increased our cash reserves. Generally, it is

expected mortgage impairment charges in the UK will increase during the pandemic and the predicted economic recession, due to reduced mortgage affordability and potentially reduced housing valuations. This is likely to affect almost all financial institutions. That said, the Society does have one of the lowest loan-to-value (LTV) ratios in the sector, meaning that, on average, we hold more security against our loan portfolio than our peers. Under our lending policy, we also purchase mortgage indemnity insurance on any mortgage with a LTV of more than 80 per cent. These factors should help to protect us during potentially difficult economic times.

Karl: Thanks Janet, I just wonder if it's worth commenting on what some of the potential mitigating steps might be, just in simple terms?

Janet: Yes, so, in terms of mitigation, there are several tools available to our management team, to help us maintain a financially secure position - the most significant ones being the ability to alter our mortgage and savings rates in line with market trends, and carefully managing our costs.

Karl: Anything anyone would like to ask on that before I move on?

No, OK, the second question is from a Mr XXX.

'I would be interested to know your current thinking about lifetime mortgages and whether there will be a cut in mortgage interest rates, given the Bank of England Base Rate has been reduced to 0.10%?'

So, we're going to ask Mark to respond first on the lifetime mortgages point, and Janet for the base rate point. Mark first, then Janet.

Mark Marden, Risk Director: The Society does not offer lifetime mortgages. These are a specialist niche product requiring specific qualifications and regulatory permissions which the Society has never sought to hold, and has no current plans to pursue.

Janet: With regards to mortgage interest rates, we offer two different types of mortgages – historic tracker and standard variable rate (SVR)-linked mortgages. Tracker mortgages have been reduced to reflect the latest base rate. Our SVR-linked mortgage rate is currently still under review. It should be noted, however, that due to previous Society SVR reductions, we had a lower-than-average SVR and therefore, to some extent, competitor reductions are bringing their SVR rates closer to our own. That said, we clearly need to remain competitive in our product offerings and you can be assured we will continue monitoring the market closely.

Karl: OK, thanks Janet and Mark. Anyone like to add anything on either of those points? No? OK

One last final one, which isn't a question, Mr & Mrs XXX wrote that 'as quite new members of the Society, we have no questions to ask. We would, however, like to say how much we appreciate the staff we have dealt with at the branch and the friendly and efficient way our accounts were set up/transferred. Take care, stay safe', which I thought was as nice message to share with the whole of the meeting and I think says a lot about our customers and our colleagues.

So, I have nothing else to bring to the meeting. Are there any other points of any other business, or any other questions that anyone would like to raise in the room?

Mark: Worth just adding for the record that, as a Board, we want to publicly thank our staff for their support and flexibility during the tough times we're operating in.

Karl: Yes, absolutely, thank you Mark and thank you from the room, as well. Anything else anyone would like to say at this point?

I think we've concluded this meeting as we said we would. I think we've achieved all of the things that we needed to from that perspective. I'm conscious it's a very dry meeting compared to what we would normally do but thank you to everyone for giving up your time to attend.

At which point I'll call things to a halt and hopefully look forward to a better one next year!

Meeting concludes

N.B. Please note that the names of the members who submitted questions for the meeting have been deliberately removed to protect their privacy.

Please watch this space for details of a potential future member event, subject to developments with the COVID-19 pandemic and current restrictions on public gatherings being eased. If you have any questions at all regarding our AGM or anything else, please don't hesitate to email us at info@beverleybs.co.uk.