

MINUTES OF THE 164th ANNUAL GENERAL MEETING OF THE CHORLEY & DISTRICT BUILDING SOCIETY

DATE Tuesday, 23 May 2023 at 6.00pm

VENUE The Mill Café, St Catherine's Hospice, Lostock Lane, PR5 5XU

CHAIRS WELCOME The Chair opened the meeting and welcomed Members and attendees to the 164th Annual General Meeting.

There were 37 people present on the evening comprising 23 Members (10 Directors and 13 Members) and 14 non-members. All non-Members were members of staff, with the exception of the two representatives from Mazars (the Society's external Auditors) and 1 former Director and their partner.

Following brief housekeeping rules, the Chair proceeded to thank everyone for coming along to the AGM.

The Chair described events that had taken place over the last 12 months at the Society, including the departure of long-standing former Finance Director, and their replacement as of November 2022.

The Chair also introduced the new Non-Executive Director (NED) Peter Brickley who was co-opted to the Board in Nov 2022.

The Chair demonstrated how the Society had made a difference to the local community, one of the Society's strategic aims through the 'Chorley High Five', donating £59,741 to 24 deserving beneficiaries.

The Chair assured Members and attendees of the current forecasting and stress testing results which showed that the Society's future remained safe and secure for the foreseeable and offered key highlights of the Society's performance to show it had been very strong with the highest growth in savings balances, mortgage assets and reserves in the history of the Society. He invited Members to take home a copy of the Society's Annual Report and Accounts, along with the Business Review available on site.

Members and attendees were invited to ask any questions to the Board and Executive Team at the questions and answers part of proceedings.

The Chair then thanked the Members for their support and Society staff for their utmost professionalism and dedicated service to its Members. He assured Members of his commitment to his role as Chair for the Board then proceeded to introduce the Board/NEDs, the Executive Team and staff who had volunteered to help on the evening.

APOLOGIES FOR ABSENCE

The Chair asked the Board Governance Officer for any apologies.

The Board Governance Officer replied that there were none.

NOTICE OF THE AGM

The Notice of the Meeting was taken as read.

MINUTES OF THE AGM

The Minutes of the AGM dated 24 May 2022 were taken as read and the Chair invited any questions from the audience.

There were no questions.

The minutes were ***agreed*** and electronically signed by the Chair, to be made available for Members to view on the Society's website shortly after the AGM.

PROCEDURE FOR RESOLUTIONS

The Chair explained the procedure for the Resolutions which required a member poll in addition to the votes already received by way of proxy and asked for Members to raise their hands at each item if in favour.

The Chair advised that there would be an opportunity to ask questions after each item.

The Chair confirmed once voting had been completed, the meeting would be adjourned to allow any additional votes to be counted and verified, during which time a presentation would be given from the Society's Charity of the Year.

ITEM 1:

To Receive the Auditors' Report

The Chair referred to the Auditors Report.

The Chair invited questions.

There were no questions.

The Auditor's Report was received.

ITEM 2

To receive the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 6 February 2023

The Chair invited questions from the attendees in respect of the Directors' Report, Annual Accounts and Annual Business Statement.

There were no questions.

The Directors' Report, Annual Accounts and Annual Business Statement were received.

ITEM 3

To approve the Directors' Remuneration report

The Chair referred to the remuneration as detailed in the Summary Financial Statement and Annual Report & Accounts and invited questions.

There were no questions.

The Chair declared the motion was carried.

ITEM 4

To reappoint Mazars LLP as Auditor

The Chair invited questions.

There were no questions.

The Chair declared the motion was carried.

ITEM 5

To amend the Society's Rules in the manner specified at the end of the Notice of AGM.

The Chair invited questions in respect of the proposed changes to the Society's Memorandum and Rules dated 26th May 2021.

There were no questions.

The Chair declared the motion was carried.

ITEMS 6 - 9

To re-elect David John Bagley as Director

The Chair invited questions from the Members.
There were no questions.

To re-elect Joanna Rosalie Hall as Director

The Chair invited questions from the Members.
There were no questions.

To elect Peter John Brickley as Director

The Chair invited questions from the Members.
There were no questions.

To elect David Shelley as Director

The Chair invited questions from the Members.
There were no questions.

ADJOURNMENT

The Chair announced the conclusion of the voting for the meeting and invited the Head of Finance Jamie Edmondson, to collect the completed voting slips at

6.20pm.

The Chair adjourned the meeting to enable these votes to be counted.
The Chair welcomed representatives from Chorley Fundraising for Guide Dogs to discuss the work their charity does as one of the Society's affinity partners.

The presentation lasted 20 mins.

VOTING RESULTS

The Chair reconvened the meeting and announced the results of each item at 6.45pm.

The final voting results were as follows: -

	For	Against	Withheld	Spoilt	% in favour
Item 1: To Receive the Auditors Report	827	14	12	0	98.35
Item 2: To Receive the Directors' Report, Annual Accounts and Annual Business Review	821	20	11	0	97.65
Item 3: To approve the Directors Remuneration Report	750	83	20	0	90.15
Item 4: To appoint Mazars LLP as Auditor	808	30	17	0	96.45
Item 5: To amend the Rules in the manner specified at the end of the Notice of AGM.	758	69	25	0	91.77
Item 6: To re-elect David John Bagley as Director	789	45	16	0	94.69
Item 7: To re-elect Joanna Rosalie Hall as Director	782	49	20	0	94.19
Item 8: To elect Peter John Brickley as Director	789	47	15	0	94.46
Item 9: To elect David Shelley as Director	789	44	17	0	94.80

The Chairman declared that all of the Resolutions had been carried and advised that the final results would be made available on the Society's website shortly after the event.

Q&A SESSION

The Chair began the Q&A session and invited the Board Governance Officer to present questions which had been received via email from Members unable to attend in person to the Board.

The Board Governance Officer confirmed the Society had received two questions from Members and asked the Chief Executive Officer (CEO) to address them with a response.

The first question from Mr. Stuart Sutcliffe was read as follows:

1. 'Why does it take the Society so long to increase Savers Interest rates after a BOE rate rise? For example, the BOE increased its rates early February and then again mid-March but the Society did not adjust rates to take into account these 2 BOE changes until mid-April. There have been numerous BOE rate changes in recent times and the Society must have a well-oiled plan in place to quickly adjust its savers rates. Perhaps this is not the case?
2. With the profit the Society is generating, why is it not more generous with its Savers interest rates?'

The CEO replied as follows:

The setting of interest rates is a complicated process and involves the consideration of many different factors before the Society is able to take action and implement them for the benefit of its Members. To provide some background, BBR has increased 12 times since the Monetary Policy Committee (MPC) of the Bank of England increased the rates by 15bps, from 0.10% to 0.25%, on 16th December 2021.

One of the most important factors the Society must consider when responding to BBR changes, is the competing interests of our savers and mortgage Members. It is not sensible for any lender to pass on an increase to savers without also making a compensating increase to mortgage Members. Failing to do this would lead to margin compression and a consequent reduction in net interest income and the Society's overall profitability levels.

I am sure that our savers Members would like to see every single increase in BBR applied to their savers rates immediately. On the other hand, I am sure our mortgage Members would prefer not to see any increases in their mortgage rates at all. The opposite sentiments would apply in a falling interest rate environment. It is therefore a very delicate balancing act to achieve a fair outcome between the respective interests of both our savers and mortgage Members, whilst maintaining the financial strength of the Society.

Another factor the Society must consider when applying changes to interest rates is the relative strength of the savings and mortgage markets. As an example, if activity in the mortgage market is subdued and consumer confidence is low, it may not be possible to pass on a BBR increase either in full

or in part, to either new or existing mortgage Members, because of concerns they may have around affordability and the future direction of interest rates and house prices. If mortgage demand in the market is falling, increasing mortgage rates will simply reduce demand even further and will lead to fewer new mortgage applications. It may also lead to existing mortgage customers redeeming away, in search of lower rates of interest from other providers. Without increasing our mortgage rates, we are unable to increase savings rates. Similarly, if the savers market is strong and lenders are receiving substantive inflows of retail funding, they will not be inclined to raise their savers rates as they may already have sufficient funding levels for their planned levels of mortgage lending. As a result, lenders must carefully consider prevailing market conditions when responding to changes in BBR.

An equally important factor for the Society to consider when setting interest rates is our relative market position in relation to the interest rates offered by our competitors. Due to our relatively small size, the Society is a market follower and not a market leader. At each BBR change, we therefore carefully consider the responses of our larger competitors and then position our products accordingly, so that our products, both savings and mortgages, continue to remain attractive in the market.

To answer the specific point posed in Mr Sutcliffe's question, the Society did not delay our response to the February BBR increase. The Society made a conscious decision not to respond to the February BBR increase at all. The global rate change applied by the Society in mid-April reflected our response only to the March BBR increase and not to the one made in February. The reason we chose not to respond to the February BBR increase was because of our relatively favourable market position at that time. The Society had considered all the factors I described earlier, as well as all the changes we had already made to our mortgage and savers interest rates in response to previous increases in BBR and determined that our savers and mortgage rates were positioned well in the market, so that no response was required. It is not unusual for lenders not to respond to a particular BBR change and to the best of my knowledge, no other lender has passed on to its savers all the BBR increases that have taken place since December 2021.

Regarding the point Mr Sutcliffe raised as to the timeliness of the Society's response to the 23rd of March 2023 BBR increase, we applied a global rate change for our mortgage and savers products on 21st April. This simply reflects the time taken to undertake market research to determine the relative position of our product range vis-à-vis our competitors, so that we remain competitive and then to undertake the operational changes required to implement operationally the new interest rates.

Whilst answering this question on our responses to BBR Changes, I am also pleased to take this opportunity to advise members that the Society will be responding to the latest 0.25% increase announced by the MPC on 11th May 2023, when BBR increased from 4.25% to 4.50%.

With effect from 25th May 2023 our savers rates will increase, and the rate of increase will vary for the different types of savings accounts we offer. This information is available for each of our saver's products on the Society's website at www.chorleybs.co.uk. Our Standard Variable Mortgage rate will also increase on the same date by 0.25%, from 7.74% to 7.99%.

In answer to Mr Sutcliffe's second question regarding savers rates in comparison to the profit levels the Society has generated, the Society must make a minimum level of surplus profits each year to maintain the strength of our capital ratios as we grow. This is to maintain the financial strength of the Society. Any surplus profit to the Society's requirements is either paid to our Members through the rates of interest applied to mortgage and savings accounts and/or is invested back into the business

As part of our Five-Year Business Plan, the Society has developed a very exciting investment and modernisation plan to develop and invest in new products and services as part of our new corporate strategy, and in the modernisation and automation of our systems and processes and distribution channels to enhance Members experience and service levels.

As a mutual, the Chorley will continue to put Members needs and values at the heart of what we do, and I hope I have been able to address satisfactorily Mr Sutcliffe's questions.

The Chair invited questions from the floor. There were none.

The second question from Mr. Brad Murphy was read as follows:

'Any plans to launch a retirement-based mortgage like others?'

The CEO replied as follows:

Regarding whether the Society will offer retirement-based mortgages, I can inform our Members that the Society currently offers a wide range of mortgages for borrowers at different stages of their lives. This includes our range of "later life mortgages" which are available to customers aged 70 or over at the end of their mortgage term. This includes those borrowers who may be on the road to retirement or who are already retired. They are extremely popular and reflect our desire to provide specialist products to meet the needs of our Members at every stage of their life.

The Society is also considering new products and services like Retired Interest Only mortgage and others alike. We will of course let our members know as soon as they become available.

The Board Governance Officer confirmed there were no other questions, and none were taken from the audience.

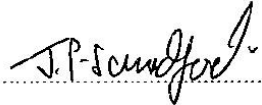
**CLOSURE OF
THE MEETING**

The Chair concluded by providing assurance that the Society remains secure and strong and would continue to meet its Members' needs, putting them at the heart of what the Society did.

The Chair thanked the Members for their continued support and commitment to the Society and invited everyone to share some light refreshments with the Directors and staff.

The meeting closed at 6:58pm.

Signed

A handwritten signature in black ink, appearing to read "J.P. Sandford", written over a horizontal dotted line.

Chair: John Sandford

Date of Meeting: 23 May 2023

Date of Approval: 21 May 2024