

COVENTRY BUILDING SOCIETY
MINUTES OF THE ONE HUNDRED AND FORTIETH
ANNUAL GENERAL MEETING

HELD AT
COVENTRY BUILDING SOCIETY ARENA
JUDDS LANE
LONGFORD
COVENTRY
CV6 6AQ

ON THURSDAY 25 APRIL 2024 AT 3PM

In attendance	David Thorburn (Chair)
	Steve Hughes (Chief Executive)
	Joanne Kenrick (Deputy Chair, Senior Independent Director and Chair of the Remuneration Committee)
	Iraj Amiri (Chair of the Board Audit Committee)
	Martin Stewart (Chair of the Board Risk Committee)
	Brendan O'Connor (Non-Executive Director)
	Shamira Mohammed (Non-Executive Director)
	Lee Raybould (Chief Financial Officer and Executive Director)
	Gurdeep Boparai (Society Secretary)
Members	108 eligible members of the Society attended in person 986 eligible members of the Society attended online
Attendees	Executives and staff representatives of the Society

1 CHAIR'S INTRODUCTION

- 1.1. Mr Thorburn welcomed everyone to the meeting. He outlined that this was a hybrid annual general meeting, which meant that there was a combination of members attending in person and online via the livestream.
- 1.2. Mr Thorburn introduced the Board of Directors, as well as other colleagues who would be available to answer members' questions during the meeting.
- 1.3. Mr Thorburn explained that both online and in person attendees would be able to vote during the meeting and that the voting procedure would be explained prior to the vote.
- 1.4. There was produced to the meeting a Notice convening the meeting and, with the consent of all members present, the Notice was taken as read.

- 1.5. Mr Thorburn outlined the agenda for the meeting.
- 1.6. Mr Thorburn provided an explanation to those online on how to navigate the online system, submit questions and access the meeting documentation.
- 1.7. Mr Thorburn took the opportunity to say a few words on the significance of 2024 being the 140th anniversary year of the Society. He reflected upon the origins of the Society in 1884, which was set up by citizens of Coventry with a clear vision of there being no shareholders to satisfy or distract from the operation of the business. He highlighted that the Society was the same organisation as it had been then, with members being the owners and a balance between savers and borrowers being sought in the best interests of those members. He noted that the Society had succeeded for so long by adapting to change, whilst staying true to its origins, and that there would be new challenges and opportunities to come which were difficult to predict.

2 CHIEF EXECUTIVE'S PRESENTATION

- 2.1 Mr Hughes welcomed members to the meeting, explaining that it was his fourth meeting and as always was delighted to meet members and to share how the Society is doing. He outlined that he had spent considerable time listening to members. They had been clear with him about what mattered to them the most. These were great value products, brilliant and trusted service, for their money to be safe and for the Society to be a resilient business for the long term. Doing the right thing for communities had also stood out as a key priority for members. He was also privileged and humbled to hear what members thought of the Society and what it meant to them.
- 2.2 Mr Hughes talked about how the Society had delivered on these member priorities throughout 2023 during which he outlined:
 - (i) The various base rate changes that had been made across 2023;
 - (ii) The difficulty faced in balancing value for savers and borrowers when interest rates increased by over 5% in 18 months;
 - (iii) The amount of interest paid by the Society to members, over and above the average for the market, noting that the average market savings rate increase had been 3.89% while the Society's had increased by 4.07%. Overall this equated to an additional £342m of interest paid to members;
 - (iv) That the Society had been awarded several industry accolades for both savings and mortgages, with The Times Money Mentor awarding the Society Best Mortgage Provider and Moneynet awarding us 'Best building society for savings';
 - (v) That the Society had proactively and sustainably been helping those borrowers that may have been struggling the most as a result of the interest rate increases, with the result being low arrears and repossessions being extremely rare;
 - (vi) That the Society had helped over 6,000 first time buyers take their first step into the mortgage market;
 - (vii) The 'soft' launch of the Society's app that had taken place, with over 60,000 members having downloaded and made regular use of it so far;
 - (viii) The record number of calls and branch transactions that had taken place

during the year, highlighting the importance of making digital progress but retaining and developing the expertise and reassurance of direct interaction with people;

- (ix) that a key performance measure was the Net Promoter Score, which measured how likely customers are to recommend the Society and explained that in financial services a score of plus 30 is good. In 2023 the overall score of the Society was plus 76;
- (x) the steps taken to invest £100m in the services and capabilities offered to members, in order to maintain and improve the great service on offer and ensure the Society remained relevant, sustainable and efficient;
- (xi) Overall the Society was in the strongest financial position in its history and well above regulatory requirements;
- (xii) As well as the positive feedback received from members, colleagues had rated the Society as a 'Great Place to Work', reflecting the investment that was made in them;
- (xiii) During the first year of the Society's partnership with Centrepoint, it had donated over £1m and helped to open a new youth hub in Coventry. This was in addition to over £1m being invested in other local initiatives and charities in order to help those that need it most.

2.3 Mr Hughes spoke about the potential transaction involving the purchase of The Co-Operative Bank (the Bank), explaining that:

- (i) The Bank was currently owned by US investment companies, after previously being sold by The Co-Operative Group;
- (ii) The Bank was smaller than the Society, with a balance sheet of £26bn compared to the Society's £63bn;
- (iii) The Bank was financially stable and profitable;
- (iv) The Society had spent four months looking at the Bank in detail, supported by expert advisors, and as a result of this work, the Board believed that buying the Bank would make the Society even stronger and more resilient for the future. This would enable the Society to continue delivering quality service and value to existing members and to more people in the future;
- (v) The Board believed that bringing the Society and the Bank together would also create value for members by allowing for a wider product offering and by building on their shared heritage;
- (vi) If the purchase went ahead, the Society and the Bank would continue to operate separately, likely for several years prior to offering a joined up service, and that this would not affect the Society's status as a mutual building society or the products and services being offered at present;
- (vii) The Board had carefully considered whether to put the purchase to a vote of the members, being always mindful of their responsibility to act in the best interest of members and the Society. They had ultimately decided that a member vote would not be held as the tests requiring a vote under the Building Society Act 1986 had not been met and the Board itself were best placed and informed to take the decision. While it was acknowledged that some members may disagree with this decision, the Board felt it was the correct decision;
- (viii) There remained contractual terms to agree before the purchase could take

place, as well as the granting of regulatory approvals, with a commitment made to keep members informed about progress made.

3 QUESTIONS FROM MEMBERS

- 3.1 The Chair explained that several questions had been received in advance. He outlined that a mixture of these questions, along with questions from members attending online and from those in the room would be taken. He noted that some of the topics had already been touched upon by Mr Hughes. A topic of particular interest raised by a number of members was the implementation of the new ISA rules, which the Chair invited Samantha Richards, Director Of Customer Services, to respond on.
- 3.2 Ms Richards explained that people would be looking at where to deposit their ISA funds with the start of the new tax year, following the recent announcement by the Chancellor of the Exchequer that gave customers greater choice over how to deposit and split these funds between accounts and providers. She stated that it was the intention of the Society to give members this choice, however the changes were complex and would require significant IT development to implement. Work was underway to enable this, but it would not be in place for the 2024-25 tax year. For the current year, members would be able to open one ISA with the Society and could also transfer the whole fund in or out of the Society, up to a maximum of £20k for the year. Mr Landon, Chief Commercial Officer, informed members that the typical rate for ISAs was slightly lower than for bonds, due to the inherent accessibility required for an ISA. This meant that, while bond funds could be used for a fixed period, a certain amount of capital had to be retained by the Society to be able to release ISA funds back to members.
- 3.3 The Chair moved onto the next question, which was whether the Society was getting value from its sponsorship of the Coventry Arena. Mr Landon responded that he was very proud of how the Arena sponsorship had gone. It had been a great opportunity to create more brand awareness of the Society, which was well known locally but had been less so nationally. It was also a fantastic way to show pride in the area through investment, with the Arena being used for community events as well as commercial ones.
- 3.4 The Chair advised the meeting that several questions had been submitted in advance relating to the services, values and strategy of The Co-Operative Bank and whether members would continue to be provided for in the same way if the purchase went ahead. He confirmed that Mr Hughes had confirmed this earlier in his presentation, advising that members would not need to change anything in how they accessed services and would not see a change in the products on offer to them as the Society and the Bank would operate as separate entities but within the same group structure for several years. Mr Hughes also advised members that the Board believed entry into the personal current account and business account market would provide the Society with the opportunity to reach its goals more effectively, while building on the values of both businesses. It would also be fantastic to be able to offer members a broader range of services. The owners of the Bank had decided to sell as it had returned to profitability and was therefore in

a good position to provide them with a profitable return on investment.

- 3.5 The Chair invited a question from the room, with a member raising the previous debit cards available to members and asking what the reason was for the decision taken to stop their use. Mr Landon advised members that the decision had been taken as their use was very low, with less than 30,000 members taking up the service. This was different to the proposition on offer from the Bank in relation to current account services, which was delivered in much higher numbers. A member stated that they had wanted to open a current account with the Society previously and had to go elsewhere, so felt that offering this to members was a positive thing to do.
- 3.6 The Chair moved onto the next question, with a member stating that he believed the Society had values that aligned well with the co-operative movement and asking whether the Society intended to develop its relationship with the movement over time. The Chair stated that this would be something the Society would need to reflect on. It was important to the Society to preserve the value to members and that this would involve mutualising the Bank over time, however consideration of the future relationship with the co-operative movement had not progressed to any decision as yet.
- 3.7 The Chair noted that there had been a number of questions related to the method of purchase of the Bank and what might happen if the Bank were to fail in the future. The Chair confirmed that the purchase would be in cash and that the Bank would become a wholly owned subsidiary of the Society. Mr Hughes noted that the integration process would be challenging, but that he had confidence in the Society's ability to deliver sustainability for member value. Mr Martin Stewart, Non-Executive Director and Chair of the Board Risk Committee advised members that in his previous experience as head of the UK regulator for building societies, historically the root cause of sector financial difficulties had been a lack of thorough due diligence. He stated that the Society had undertaken significant and thorough due diligence in this case and was confident in the depth of work undertaken. The due diligence had been undertaken with the support of independent experts to ensure the information and plans were properly evaluated, in order to inform the decision of the Board. Ms Kenrick acknowledged that the Bank's owners would want to get the best price possible, noting that they had therefore had to address a number of serious issues that had previously been facing it. The due diligence undertaken had given the Board assurance that the Bank was now in a much better position, although there were still some issues to address.
- 3.8 The Chair moved onto the next question, which was whether there was sufficient expertise on the Board to run the Society and the Bank and how the two would work together. The Chair informed members that no decisions had been taken as to Board composition as yet, however there was a desire to retain as much expertise as possible and blend the best of both organisations. He also confirmed that, as a separate subsidiary, the Bank would need to have its own Board in place.
- 3.9 The Chair moved onto the next question, which related to Society lending increasing by almost 5% last year and how this was balanced with ensuring

borrowers were not over committed. Mr Hughes advised that the Society was a prudent lender overall, with the welfare of members being a key area of focus. So as well as the mortgage lending regulation in place across the industry, the Society values also underpinned its decisions on lending.

- 3.10 A member attending in person asked whether there would have to be an application made to change the Society from a building society to a bank. Mr Hughes referred members to the previous statement that the Society and the Bank would be run as separate organisations for some time and that the Bank would be a wholly owned subsidiary of the Society. The long term intention was for customers of the Bank to become members of a bigger combined mutual organisation.
- 3.11 A number of members wished to further explore the reasons for the Board decision taken not to hold a member vote on the purchase. The Chair stated that the Board had given the decision very careful consideration, with advice taken from independent experts, and concluded that the decision was in the best interests of members and the Society as a whole. Member focus groups had been held in order to seek members views, with general feedback being that they were mainly concerned with assurance on maintaining quality of service and great rates. He also advised members that it would be very difficult to get a vote turnout that was representative of the whole membership. Mr Hughes stated that he understood the importance of member voices and that the Board had taken account of member interests at every stage of consideration, taking their responsibilities very seriously. Ultimately the Board agreed that the purchase would build a stronger Society for the long term future and be of benefit to members.
- 3.12 The Chair moved on to the last question, which asked whether the Society was investing enough in fraud protection for members. Ms Heffernan informed members that this was a high priority area of work for the Society. She stated that there were a number of teams in place to provide direct support to members and focus on fraud prevention, as well as significant investment in technology solutions. Data on fraudulent activity was also shared with the National Fraud Database in order to benefit from industry wide knowledge and learning.

4 RESOLUTIONS

- 4.1 The Chair confirmed that voting was open and that members who had already voted could change their votes if they wished to do so. The Chair explained to those online how to vote and that if they were having difficulties how to find information to help them. The Chair then directed those in the room to the paper voting forms provided to record or change their votes if they had already voted.
- 4.2 The Chair proposed and the meeting received the Auditors' Report which was on pages 107 to 115 of the Annual Report & Accounts 2023.
- 4.3 The Chair outlined that all eligible members unable to join the meeting were asked to make use of the proxy voting forms. The Chair called for a poll on each of the

resolutions so that proxy votes could be included in the votes when they were counted.

4.4 The Chair ran through each of the resolutions in order, as detailed below:

Item number	For	Against	Withheld	% in favour
Ordinary Resolutions				
1. To receive the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31 December 2023.	66,232	610	542	99.1%
2. To approve the Directors' Remuneration Report for the year ended 31 December 2023. The vote is advisory and Director's remuneration is not conditional on it.	60,729	5,131	1,513	92.2%
3. To reappoint Pricewaterhouse Coopers UK (PwC) as Auditors of the Society to hold office until the end of the next Annual General Meeting.	63,943	2,563	866	96.1%
Election and re-election of directors				
4. To re-elect Iraj Amiri as a director	63,455	2,688	1,217	95.9%
5. To re-elect Stephen James Hughes as a director.	64,273	1,978	1,114	97.0%
6. To re-elect Joanne Louise Kenrick as a director.	64,233	2,104	983	96.8%
7. To re-elect Shamira Mohammed as a director.	63,719	2,514	1,121	96.2%
8. To re-elect Brendan O'Connor as a director.	64,153	2,046	1,152	96.9%
9. To re-elect Lee Raybould as a director.	64,416	1,821	1,116	97.3%
10. To re-elect Martin Alistair Stewart as a director.	64,315	1,915	1,125	97.1%
11. To re-elect David Thorburn as a director.	64,215	2,031	1,112	96.9%
67,384 members voted (5.3% of eligible members). Whilst provisional results were shared during the meeting, the vote was independently scrutinised by Civica Election services.				

The Chair confirmed that all resolutions had been passed subject to final verification and that all directors listed had been re-elected.

5 CLOSE OF MEETING

The Chair thanked Members for attending and their ongoing support and declared the meeting closed.