COVENTRY BUILDING SOCIETY

MINUTES OF THE ONE HUNDRED AND THIRTY-FIFTH

ANNUAL GENERAL MEETING

HELD AT THE RICOH ARENA, COVENTRY CV6 6GE

ON WEDNESDAY 24 APRIL 2019 AT 12.00 NOON

**On the platform** Gary Hoffman (Chairman)

 Peter Ayliffe (Deputy Chairman)

 Mark Parsons (Chief Executive)

 Joanne Kenrick (Chair of the Remuneration Committee & Senior Independent Director)

 Iraj Amiri (Chair of the Board Audit Committee)

 Martin Stewart (Chair of the Board Risk Committee)

 Andy Deeks (Product, Marketing and Strategy Director)

 Catherine Doran (Non-Executive Director)

 Michele Faull (Chief Financial Officer)

 Peter Frost (Chief Operating Officer)

 Roger Burnell (Non-Executive Director)

 Thomas Crane (General Counsel & Secretary)

**Members** 158 members of the Society

**Attendees**  Stephen Littler (Ernst & Young LLP)

 Carl Sizer (Pricewaterhouse Coopers LLP)

 David Mayland (Pricewaterhouse Coopers LLP)

 Sian Roberts (Electoral Reform Services)

 Elliot Roberts (Electoral Reform Services)

 Staff representatives and guests of the Society

**1. CHAIRMAN’S INTRODUCTION**

1.1 The Chairman welcomed everyone to the meeting and noted that a quorum of Members was present.

1.2 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.

1.3 Mr Hoffman introduced the Board of Directors. He welcomed two new Non-Executive Directors, Mr Amiri and Mr Stewart, and noted that he, Mr Amiri and Mr Stewart would each be standing for election for the first time. He also introduced Shamira Mohammed, who would join the Board as a Non-Executive Director with effect from 1 May 2019. Finally, he thanked Ian Geden (who retired as a director during the year) and Roger Burnell (who was retiring from the Board with at the end of the meeting) for their service.

1.5 Mr Hoffman then gave a presentation on his appointment as Chair of the Society’s Board, the Society’s performance in 2018. In particular he:

1. described his history with the city of Coventry;
2. spoke about success at all levels - company, colleague, community, customer – which was epitomised at the Society by the objective of “Putting Members First”;
3. emphasised the importance of the Society’s values;
4. assured members that the Board sought to pay fairly, not excessively, to attract and retain competent executives, whilst acting in the best interests of members and in line with mutual values;
5. explained why the Society’s low cost, low risk business model would be most resilient in uncertain economic times;
6. expressed thanks to the Society’s employees and leadership team for their contributions; and
7. illustrated the positive impact of employees putting members first.

**2. CHIEF EXECUTIVE’S PRESENTATION**

2.1 Mr Parsons addressed the meeting with a presentation on the following key areas: the impact of the external environment on the Society; the continuing safety of members’ money and focus on “Putting Members First”; the superior value of the Society’s products; the quality of service provided to members; and the Society’s growth and investment in the future.

2.2 Mr Parsons described the Society’s 2018 performance and drew the meeting’s attention to the following points of detail:

1. the Society’s Common Equity Tier 1 capital ratio increased to 35.5% as at 31 December 2018 which was above regulatory requirements;
2. the Society paid an average savings rate of 1.50% (compared to the average paid by all banks and building societies which was 0.78%), which equated to £227 million being paid to members in additional interest, rather than retained as profit;
3. the Society lost money on only 0.10% of its mortgages, down from 2017;
4. the Society’s cost to asset ratio was 0.41% in 2018, however there is continued investment in services, branches, telephony and technology;
5. the overall Net Promoter Score was +75 (with the Branch Network scoring +90);
6. the Society was recommended by Which? magazine and was awarded a Gold Ribbon by Fairer Finance for savings and mortgages for the fourth year running;
7. the Society was also ranked first for broker satisfaction and received the Financial Adviser “Five Stars award”, the highest accolade for mortgage service, for the third year running;
8. last year savings grew by just over 7% and mortgages grew by 9% - the Society has now sold over £40bn worth of mortgages;
9. employee engagement remained high with the Society remaining a ‘Top 100 company’ to work for in the UK; and
10. nearly 4 out of 5 employees had been involved in community and charity programmes, supporting a range of good causes including the Royal British Legion and commemorating 100 years since the end of the First World War.

2.2 In summing up Mr Parsons thanked the Society’s employees for their hard work and dedication and the Society’s members, for their continued trust and support.

**3. QUESTIONS FROM MEMBERS**

3.1 The Chairman invited questions from members on his or the Chief Executive Officer’s presentations, or the resolutions proposed in the Notice.

3.2 A member asked for further details on the Society’s gender pay gap report. Mr Hoffman noted the difference between equal pay and the gender pay and explained that, whilst the gender pay gap was higher than the Society would like, the Society had performed well against comparative metrics and had been working hard to recruit women into senior or specialist roles, which would address the gap.

3.3 Mr Hewitt inquired as to how the Society was working to ensure IT continuity. Mr Hoffman agreed that this was of the utmost importance and referred to the Society’s investment programme, which Mr Parsons had presented on earlier, which was critical in ensuring the protection and availability of the Society’s IT systems.

3.4 Mr Walsh (a member) asked if the Society had considered providing debit cards for members, particularly in light of recent branch closures by other providers and complimented the staff at the Ricoh Arena. Mr Hoffman thanked Mr Walsh for his kind comments, which he agreed with and were echoed for all branches, and explained that the Society aimed to keep its business model simple and limited to savings and mortgages, which meant it would be ending the practice of providing debit cards.

3.5 A member asked about the level of savings interest rates paid by the Society. In this context, a member commented on the history of the Society and the “TLC not PLC” values. Mr Hoffman confirmed that the Society sought to balance paying savings interest rates that delivered fair value to members with the requirements of the market. He remarked that the Society had a track record of paying significantly above average market rates and that, whilst the message “TLC not PLC” remained very much a part of the Society’s values, the decision had been made to remove the wording from the public facing elements of the Society’s communications. The member also mentioned that he had not received notice of the meeting in the post and Mr Hoffman asked him to speak to a member of staff after the meeting to ensure any issues were rectified.

3.6 A member queried why the auditors for the Society had changed from Ernst & Young (EY) to PricewaterhouseCoopers (PwC), when EY had been the auditors since the 1930s. Mr Hoffman explained that the EU Audit Directive had introduced new requirements that auditors be regularly replaced and therefore a tender process had been completed, resulting in the proposal to appoint PwC.

3.7 Mr Fraser congratulated the Board on the Society’s performance and returns. He queried whether the Society benchmarked the number of Directors on the Board, as well as their remuneration (as previously mentioned). Mr Hoffman confirmed that this was indeed the case in respect of Non-Executive Directors and added that there were also a number of Executive Directors sitting on the Board because the Society valued their input.

3.8 Mr Neeve discussed the concerns held by many members around fraud and security and asked if the Society communicated with the police in order to prosecute perpetrators. Mr Hoffman responded that the Society did co-operate with the police and also has a dedicated financial crime team.

3.9 Mr Johnson requested that the Board reconsidered the use of “quick vote” on the ballot paper. Mr Crane confirmed this was used for the convenience of members but if members felt that this was not appropriate, its use would be reconsidered.

**4. AUDITORS REPORT**

 The Chairman proposed and the Meeting received the Auditors' Report, which was on pages 96 to 101 of the Annual Report & Accounts 2018.

**5. RESOLUTIONS**

The resolutions set out in the Notice were duly proposed.

The Chairman called for a poll on each of the resolutions so that proxy votes could be included in the votes when they were counted.

**6. RESOLUTION TO RECEIVE THE ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 DECEMBER 2018**

The resolution to receive the Directors’ Report, Annual Accounts and Annual Business Statement for the year ended 31 December 2018 was put to a poll as required by the Chairman. The result of the poll was declared following the meeting as follows:

|  |  |
| --- | --- |
| Votes For: | 120,941 (99.2%) |
| Votes Against: | 978 |
| Votes Withheld: | 955 |

**7. RESOLUTION TO APPROVE THE ANNUAL REMUNERATION REPORT**

The resolution to approve the Annual Remuneration Report for the year ended 31 December 2018 by way of an advisory vote was put to a poll as required by the Chairman. The result of the poll was declared following the meeting as follows:

|  |  |
| --- | --- |
| Votes For: | 111,466 (92.5%) |
| Votes Against: | 9,048 |
| Votes Withheld: | 2,354 |

**8. RESOLUTION TO APPOINT PRICEWATERHOUSE COOPERS LLP AS THE AUDITOR**

The resolution to approve the appointment of Pricewaterhouse Coopers LLP as Auditor of the Society to hold office until the conclusion of the next Annual General Meeting was put to a poll as required by the Chairman. The result of the poll was declared following the meeting as follows:

|  |  |
| --- | --- |
| Votes For: | 117,063 (96.6%) |
| Votes Against: | 4,172  |
| Votes Withheld: | 1,637 |

**10. ELECTION AND RE-ELECTION OF DIRECTORS**

The proposal that each of the Directors offering themselves for election or re-election be elected/re-elected as a Director of the Society was put to a poll as required by the Chairman. The result of the poll was declared following the meeting as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **For** | **Against** | **Withheld** | **% in favour** |
| Gary HoffmanPeter George Edwin Ayliffe | 116,921117,403 | 3.7993,553 | 2,143 1,909 | 96.997.1 |
| Iraj Amiri | 116,669 | 4,014 | 2,184 | 96.7 |
| Andrew William Deeks | 117,890 | 3,102 | 1,880 | 97.4 |
| Catherine Martina Mary Doran | 117,829 | 3,352 | 1,686 | 97.2 |
| Michele Jean Faull | 117,793 | 3,432 | 1,646 | 97.2 |
| Peter Nicholas Frost | 117,762 | 3,235 | 1,871 | 97.3 |
| Joanne Louise Kenrick | 117,683 | 3,485 | 1,704 | 97.1 |
| Mark Alistair Parsons | 117,393 | 3,623 | 1,851 | 97.0 |
| Martin Alastair Stewart | 117,822 | 2,939 | 2,105 | 97.6 |

All resolutions were approved by the members.

**11. CLOSE OF MEETING**

The Chairman thanked the members for attending and declared the meeting closed.

Chairman………………………………………………… Date ………………………..