

**MINUTES OF THE ANNUAL GENERAL MEETING** held at 6 p.m. on Monday 25 April 2022, convened at the Offices of the Great North Air Ambulance Service, Progress House, Urlay Nook Road, Eaglescliffe, Stockton-on-Tees, TS16 0QB.

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)  
 Jessica Williams (JW)  
 Kate McIntyre (KM)

Draft Minutes finalised by PB and issued to AC – 26.04.22  
 and DB – 26.04.22  
 JC – responded approved 29.04.22  
 Issued on website 29.04.22

Approved for circulation with June Board Info Pack

Company Secretary David Bews (DB)

Apologies: None

Members:

Mrs N Barker	Mrs L Thorpe	Mr C Brown	Mrs K Flynn
Mrs C Wilson	Mrs C Murdock	Mr A A Mills	Mr T Brown
Mrs A E Turner	Mr D B Turner	Miss E Sidgwick	Mr P Buckworth
Mrs A Ince	Miss C Bailey	Mrs A Etherington	Ms N Donaghue
Mrs P Brown	Mrs L Sidgwick	Miss V Cooper	Miss C Storey
Mrs J Nicholson	Mrs G A Rawlinson	Mr L Newstead	Mrs M Robson

Virtual Members

Rev Purdy	Mr T Glasby	Mr A P Tierney	Mr C Brown
-----------	-------------	----------------	------------

Attendees:

Mr Murdock	Mrs P J Mills	Miss E Sidgwick	Mr J Snee
Mrs A McCluskey			

Scrutineers Adam Keane, UK Engage (Virtual)

Auditors Christopher Dalton (PWC) (Virtual)

JC welcomed members to the meeting, advising those present both virtually and physically of the format of the meeting. He then invited all directors in the room to stand and introduce themselves to the members in attendance.

- 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 RE-APPOINTMENT OF DELOITTE'S 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 2022.

JC introduced Ms Sophie Bendelow, the representative from the Great North Air Ambulance Service (GNAAS) to the meeting who presented on the life-saving work of the charity. JC then followed this with the presentation of a charitable donation in the sum of £500 as a gesture of thanks for the use of the venue.

Chair's Introduction

"I will leave Andrew to cover our financial and business performance in a bit more detail in a few minutes. But I'd like to take this opportunity to share my personal highlights of our Society in 2021.

I think it's fair to say that we had hoped that 2021 may see us return to some semblance of normality, but most of the year only served to provide iterations of what we had experienced the year before, with Covid very much front-and-centre. Yet, despite external pressures, not least a third national lockdown in January, I am pleased that our Society delivered some fantastic achievements in 2021. After a tough 2020, our Society's business and financial performance bounced back very robustly, aided by strong leadership and upon previous investments within the business. Andrew will say more about this later.

We continued to invest heavily in improving our member proposition. Today we have a more efficient, secure, and resilient operation than ever before. And we believe the new foundations we have laid, and on which we will continue to build and develop, will provide our members with greater and quicker services and functionality.

Andrew will say more on this later but my key message to our Members and Colleagues is that your Board is embarked upon a strategy that will continue to invest heavily in the business, thereby improving the services and products we can offer, whilst ensuring we continue to provide our Members with the high levels of personal service you expect. 2021 saw us make some great strides in this endeavour, a highlight of which was the implementation of a state-of-the-art Mortgage Processing system which has significantly enhanced processing times, made decisioning much easier and quicker and has enhanced our ability to help people move into their own homes. Our investment will continue into 2022 and beyond, which will see us deliver a more modern, efficient, vibrant and sustainable Society but one that will remain rooted to our principles and our community.

In 2021, we underlined our commitment to the High Street by relocating our Redcar branch to a larger, more prominent location. Having that physical presence is something we prioritise as a business and something which our members truly value. And we will continue to invest in our branch network.

During 2021 we launched our new Community Impact Strategy. Part of this strategy was to ensure our branches were empowered to support local initiatives and overall, it has resulted in deeper engagement with many local charities and good causes, at a time when they arguably needed it the most.

Our fantastic colleagues continued to volunteer throughout 2021 in all sorts of ways, including assisting the fight against Covid by stewarding at vaccination and testing centres. I was also personally delighted

that the Board agreed to top-up our 5% Pledge pot, to offset the reduction in funds due to lower Society profits in 2020. This meant that we were able to donate £88k to 28 good causes throughout our heartland.

I am also very proud that our Society was recognised by several industry awards in 2021. This included being named *Best Building Society*, twice. We were also named Best Self-Build Lender, reinforcing our position as a leading self-build lender.

As 2021 drew to a close, and off the back of the COP26 summit, Darlington Building Society developed its strategy on Climate Change. Your Society pledges to operate a sustainable business that manages its impacts on climate change, and supports the transition to a greener, net zero economy. Work on this will continue throughout 2022.

Finally, in December 2021, the Bank of England raised interest rates for the first time since 2018. Further increases have happened in 2002, with more expected later this year and we will seek to reward our loyal savers as much as we can, balancing with the needs of our borrowers. This is underlined by the absolute necessity of maintaining a prudent financial position of the Society as a whole.

Looking forward to 2022, we recognise the economic environment is getting tougher with high inflation and costs continuing to increase for everyone, but especially for more vulnerable Members. We expect that rising energy bills, increasing cost of living expenses and mounting global tensions will further impact households and put pressure on affordability. That's why our Society will continue to be agile in understanding and responding to our members' personal circumstances and needs, taking a supportive and sympathetic approach wherever possible to help where and how we can. And although the pandemic is waning, its impact could affect many aspects of our lives for the foreseeable future. Political and economic unrest remains very front of mind with resolution difficult to predict. However, your Society remains a consistent presence both on your high street, at the end of your telephone or through your emails. We are in a very robust financial position, and that will enable us to deliver even bigger changes and improvements in the year ahead.

I would like to take this opportunity to thank our Chief Executive, Andrew Craddock, for his outstanding leadership and to every single colleague at the Society for their unfailing commitment to improving our Society and their dedication to serving our members.

I remain incredibly proud to be your Chair and be involved in a Society that is going from strength to strength, building on the firm foundations laid over many generations. However, that success has always been reliant on the loyalty and support of our members, and of the communities in which we operate. To all of you, I say Thank You. I'd like to finish by thanking you for being here today in this wonderful venue, and for your continued dedication to the Society as members.

Many thanks for listening and I will now hand over to our Chief Executive, Andrew Craddock.

#### CEO Presentation

"Good evening ladies and gentlemen, may I add my welcome to that of Jack, and echo his comments in thanking the Great North Air Ambulance for allowing us to use their base as a memorable venue for this event

Over the last couple of years, I have found myself using a lot of words that would never have been in

my vocabulary before 2020

Words such as:

- Lateral Flow Tests
- Hand Sanitiser
- Face coverings
- Social distancing.

We have all faced our own individual challenges over the last couple of years and my thoughts are with all those who have had their own personal suffering through the pandemic

The Society has also had to adapt and change to ensure that it looked after its people and members and continued to operate – providing access to cash, looking after members savings and helping members to continue to achieve their dream of owning their own home

It has not been easy, but everyone involved has played their part and stood up to the challenge. I am very proud with the way we have managed to keep operating and enabled the Society to keep all our branches and head office open throughout the pandemic, helping our members and supporting the local community

The Society has stood by its people, members and community throughout these difficult times, and I am very grateful and thankful to all our people and members who have continued to stand by the us

As the country is now opening up after the pandemic, it is a pleasure to be able to be with you all here today in person at our 166th Annual General Meeting

This evening I will be focusing on three things:

1. Our financial performance
2. How we stood by our members, people and the community in 2021
3. The future

Despite the effects of the pandemic, I am delighted to be able to report strong trading results for 2021, a profit before tax of £3.2m, delivering what I believe is a record profit in our 165-year history. I can't be absolutely certain of that, but I have looked back 21 years to 2000, and it is certainly the highest profit since then.

I am also delighted to report strong growth in our balance sheet, with total assets now more than £750m or to put it another way more than three quarters of a billion pounds. And reserves of just under £50m, to ensure we retain the financial strength to withstand unexpected shocks in the future.

Whilst size isn't everything, this scale does give us a stable revenue base and the ability to generate economies of scale.

The profit for 2021 of £3.2m is significantly ahead of the £0.7m achieved in 2020, due to a few reasons.

Firstly, the 2020 accounts included several one-offs associated with the pandemic, which were not a feature of our accounts in 2021

Secondly, the rebound in the UK economy and a robust housing market, underpinned by pent up demand after the closure of the market, the stamp duty reduction and a desire by many to move to

more rural locations with bigger gardens and more space to work from home, generated higher lending and consequently higher interest income from our mortgage book.

Gross lending in 2021 was £155m and of that £17m helped first time buyers onto the housing ladder and £32m helped people realise the dream of building their own home.

Thirdly, although costs increased, they did not increase as fast as revenue, hence a higher profit.

The increase in costs enabled us to continue with our programme to modernise and upgrade the Society, to deliver competitive products, an outstanding service to our members, to provide important and enjoyable jobs for our people in a safe and welcoming environment, and to improve our infrastructure. Some of the projects completed during the year included:

1. A new digital telephony system making it easier to communicate with us.
2. Relocating and refurbishing our Redcar branch.
3. Implementing a new digital platform for brokers to submit new mortgage applications.
4. A new website to enable members and brokers to access our products and services.
5. Migrating our IT infrastructure to the cloud to improve resilience, functionality and security.

Whilst many firms battened down the hatches in 2021 and stopped any development, we decided it was right to continue to invest to secure an even brighter and more resilient future for you, our members.

We believe:

- It made sense to facilitate home working for our people and support their health and wellbeing
- It made sense to improve our digital communication when many members felt uneasy or apprehensive about visiting branches in person
- It made sense to digitise our mortgage applications to accelerate our processing times in a booming housing market and
- It made sense to double down on our commitment to local high streets by continuing to invest in our branches – over the last couple of years we have refurbished branches in Guisborough, Barnard Castle, Yarm, Northallerton and Redcar. And this year we have recently refurbished Stockton and will be moving on to the remaining branches in Darlington, Bishop Auckland and Middlesborough
- It made sense to continue to invest in our service to maintain our Net Promoter Score at +86 and our Member Service Score at 98% - both ahead of the rest of the Building Society sector

Savers have not had it easy over the last few years as we have been living in a historically low interest rate environment. I know this first hand as I look after the savings of my 87-year-old mother who relies on the return from her investments to provide an income to live on.

As a Society we have tried hard to look after our savers and stand by them in this difficult market. But it has not been easy as we do need to balance many different factors when setting our interest rates.

We have managed to continually pay significantly above the market average, throughout 2021, and as Jack mentioned earlier as the Bank of England has now started to increase Bank Base Rate, we are looking to pass as much of this increase as we can onto our savers.

This year the vast majority of our variable rate savers have had three increases to their rates, and with the Bank of England expected to increase rates again in May, we are hoping to be able to reward our savers yet again.

During 2021 we launched several new savings accounts including:

1. An Affinity Savings account, which Jack has already mentioned and
2. A green savings account, where for every green savings account opened, we plant two trees to help offset carbon emissions. I believe that there are several volunteers in the audience this evening who helped to plant the first batch of 500 trees just a few weeks ago at the base of the Clervaux Trust just outside Darlington.

In many ways, 2021 was even harder for our people and members than 2020 because no one expected the pandemic to drag on so long. Throughout the pandemic we prioritised the health and wellbeing of our members and our people and this continued through 2021.

A lot of my colleagues have found the last couple of years really tough, and that's what makes the performance of the Society even more remarkable. I'm just incredibly proud and humbled by their tenacity, hard work and humour.

It is enormously fulfilling to watch colleagues progress in their careers, landing their dream roles and growing in confidence along the way.

Darlington Building Society was earlier this year named an 'Outstanding place to work' in the Best Companies awards, maintaining our 2-Star accreditation for the second year running.

During 2021 we launched our refreshed Community Impact Strategy, which provided our people with a framework to continue to get involved with good causes and make a difference to our local communities.

And the results are astonishing.

Through our pledge to donate 5% of our profits to charities in our heartlands, in collaboration with County Durham Community Foundation, we donated £88,000 to 28 good causes.

Fifty local charities have connected with our branches and head office as part of our Local 5 initiative, to take the partnership one step beyond simply money.

As well as sharing our branch spaces, in 2021 our colleagues have dedicated around 900 hours to volunteering at our Local 5 charities.

Looking to the future, as we recover from the effects of Brexit and the pandemic, we are still facing into an extremely volatile and uncertain future, which will bring its own challenges.

The war in Ukraine and the cost-of-living crisis at home will impact on the UK economy and all of us, bringing with it mortgage affordability issues for both existing and new members and diminishing savings as these are used to pay for increasing costs.

So, it is so important that we carry on standing by our members, our people and our local communities.

We're looking at supporting existing borrowers to make sure they can keep up with mortgage

repayments, while carefully assessing the affordability of new borrowers.

We'll help savers to make their money work as hard as possible through savings reviews and rewarding them with increased interest rates wherever we can responsibly do so.

2022 will see us focus more on environmental issues and improving our inclusion and diversity. As we navigate the path to becoming a greener Society, we want to do our bit to help the country to net zero.

So, we must educate ourselves, as well as our borrowers and savers.

We will continue to support local communities with our pledge to donate 5% of our profits and will increasingly look to expand our support by sharing our spaces, volunteering and helping communities with financial education.

In terms of innovation, Darlington Building Society is the first lender to sign up to the Government's Help to Build scheme. I am truly looking forward to watching people realise their dreams of building a home of their own and hearing the stories behind them from our members.

My final thought is that, against all odds, it is staggering to see the positive difference we have made together as a Society in 2021. As a colleague, as a member, as a community partner.

I would like to thank Jack and the rest of the Board for their support to me and the Society through these challenging times, thank the executive team and all my colleagues in the Society.

This Society has a proud history with many generations of members contributing to the strength of the Society today. We must ensure that we continue to work together to ensure that generations of members in the future continue to reap the benefits of membership".

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"

#### Questions and Answer Session

JC thanked those members who had submitted a question and handed the floor to AC to facilitate the Q&A session.

AC requested DB as Company Secretary to provide the meeting with an update in respect of the AGM mailing error, which had incorrectly titled Christopher Ben White as Christopher Ben Wright on the proxy voting form. DB apologised for the error and advised that legal counsel had been consulted who had advised that providing no member had voted believing they were voting for an individual known to them as Christopher Ben Wright, then the vote would be valid, and to ensure this was the case, a mailing was circulated to all postal voting recipients advising of this position. Regrettably, due to timing constraints, the mailing exercise had to be concluded prior to the close of voting, and therefore, in haste, the external mailing company had issued the letters on plain paper rather than letterhead, which compounded the issue. AC advised those present that the Society was extremely apologetic for this error and acknowledged that lessons had been learned for future years. Mr D Turner (member) added that his mailing had arrived too late for him to intervene, had he found this necessary, however, he clarified this was not the case.

AC then advised the meeting of a question which had been received prior to the meeting from Mr P J D O'Regan, in respect of the account opening process: -

**“When opening a fixed rate account my ID was verified by paper documents. Why does the Society not use electronic methods which are used by other societies?”**

AC invited CH to respond, who did so by stating that the Society recognises that the ID documentation requirements we have are out of line with some other Building Societies, however we have been working hard over 2021 to improve the savings account processes in 2022. He went on, to state that one of those improvements is moving to electronic ID with the expectation that we will move to this means of identity verification by the end of this year for new savings account and mortgage account opening. He concluded, stating that we expect 80-90% of our customers to be verified by electronic/digital means in the future - with paper documents the exception. CH added that we are also working hard to improve more aspects of the savings account opening process, which we will communicate to members when appropriate.

A question was raised by Mr P Buckworth in respect of the Society’s exposure to:

- a) Mortgage members experiencing difficulties due to the increasing cost of living;
- b) Exposure to the wholesale market, and
- c) The likelihood of members starting to access their savings to support them through the present cost of living crisis.

AC advised that in respect of b), the amount referred to in the Society balance sheet was predominantly funding from the Bank of England through their Term Funding Scheme, which is four-year term funding. Whilst it is the intention to gradually drive down this funding and replace it through retail inflows in the future, this can be achieved over the next four years. At the present time the Society has no exposure to the wholesale market.

AC then referred to the question in respect of savers accessing their savings, advising that the senior team were constantly monitoring these risks and stress testing the savings book. The majority of the increase seen in savings through the pandemic was to easy access accounts, so these funds could be accessed quickly, and this was therefore a risk that was being carefully monitored. He added, however, that the balance sheet was in a position of strength with strong levels of liquidity which continues to allow a prudent approach to lending and savings.

AC continued that the management team were very aware of the economic pressures globally impacting closer to home, however, he was pleased to advise that presently the arrears position was at a historical low point. He added that despite this, action had been taken to increase resource across the arrears team to adequately manage any uplift, and in addition, the team would also actively seek to work with each individual member who encounters payment issues in a bid to ensure that they are guided through this present crisis.

AC further advised that assessment of applications for new borrowers was done through an affordability model which is now stress tested not only on present but also increasing interest rates and increasing costs to ensure the loan can remain affordable.

AC concluded by stating that members’ concerns are also our concerns.

There being no further questions, JC introduced Mr Neeraj Sharma, Chief Executive of Daisychain, a local Autistic Charity which has been close to the heart of the Society for many years. Mr Sharma provided an in-depth presentation of the work of the charity, the challenges of the pandemic, which

had impacted significantly on those accessing the services, and how the service providers had addressed those challenges. He thanked the Society for their support over the last few challenging years which had enabled them to continue with and expand their services.

JC thanked Mr Sharma and invited DB to the floor to announce the result of the polls.

DB advised that 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: -

<b>Resolution</b>	<b>For</b>	<b>Against</b>
1. To receive the Annual Report and Accounts.	3,386	29
2. To approve the Report of the Directors on Remuneration.	3,196	200
3. To appoint Price Waterhouse Coopers LLP (PWC) as Auditors.	3,314	90
4. To approve the alterations to the rules as stated in the Notice of AGM.	3,294	67
5. To re-elect Andrew Keith Craddock	3,298	89
6. To re-elect Robert Cuffe MBE	3,294	95
7. To Re-Elect John (Jack) Cullen	3,304	86
8. To Re-Elect Christopher David Hunter	3,296	87
9. To Re-Elect Katharine Sarah McIntyre	3,307	81
10. To Re-Elect Angela May Russell	3,307	87
11. To Re-Elect Christopher Ben White	3,284	100
12. To Re-Elect Jessica Abigail Williams	3,295	94
13. To Re-Elect Ian Douglas Wilson	3,292	95

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 £2,334 had been raised which would be presented to Co Durham & Darlington NHS Trust.

JC announced that as there was no further business in accordance with the Rules and Statutes the meeting be declared closed.

The evening concluded with a video capturing some of the work undertaken by the Society to help those more vulnerable within our community.