

TIPTON & COSELEY BUILDING SOCIETY

2024 ANNUAL GENERAL MEETING

7.00 pm – 25 APRIL 2024

Chair of the Board – Jeremy Cross

Good evening ladies and gentlemen, we are quorate, so on behalf of the Board I would like to welcome you to our 123rd Annual General Meeting.

My name is Jeremy Cross, and I am Chair of the Board of Directors. Alongside me tonight I have my Board colleagues:

- Myron Hycyk, NED, and Chair of the Remuneration Committee
- Belinda Moore, NED
- Keith Rolfe, Vice Chair and Senior Independent Director, and Chair of the Risk Committee
- Adam Evetts, Chief Executive
- Mark Ferguson, Director of Risk and Compliance and also Secretary to the Board
- Alastair Shand, Finance Director
- Jill Bentley, NED

Tonight you will hear from both myself and Adam our CEO as we reflect on 2023 and look to the future, before then opening the floor to questions. We will then conduct formal voting on each of the resolutions. That will conclude the formal part of the meeting but you are then invited to stay and join us for refreshments, meet the team and ask any questions that you may have.

Before we continue, if you both intend to vote at the meeting and are eligible to do so, you should have been issued with a voting form on arrival – please can I check that this is the case, and that there is no one who wants to vote who has not received their papers?

We will collect these votes towards the end of the formal part of the meeting.

The votes cast today will be counted after the meeting has closed and added to the provisional results. The final results will then be declared on our website tomorrow.

Before I reflect on our successes in 2023, you will have noted that we now have a new Chief

Executive, Adam Evetts, following Richard Newton's decision to step down after 10 years in the role and 32 years with the Society.

Rich made a significant contribution to the Society during his tenure, with the Society's balance sheet growing by over 60%. He also saw the Society launch our mobile app, making the Tipton the first building society to launch an app with the ability to open, view, and manage savings accounts on the go, and the Tipton was also the first building society to launch a Retirement Interest Only mortgage. Rich leaves us in a significantly stronger position than when he started – which is surely the measure that all CEO's would want to achieve.

On behalf of the Board I thank Rich for his service to the Society and wish him every success for the future.

It was with great pleasure that after a thorough appointment process which included input from external 3rd party experts, the Board were able to appoint an internal candidate to replace Rich, with Adam Evetts, previously our Risk & Compliance Director, taking on the role of Chief Executive from 1st January 2024.

Adam is now leading the Society into the next exciting phase of its development, ensuring we continue to focus on creating value for you, our members, developing our people and ensuring we continue to play an important role in our local community. Despite our strong position, there is still much to do, and we all wish Adam the very best in his new role.

Whilst focusing on Board changes, you may also have noticed that Sally Veitch, our Chair of the Audit Committee, is not here today. Sally, who joined the Board in 2018, advised me that she wished to step down from the Board due to other work commitments in the second half of 2023. She agreed to stay on the Board until the end of March 2024, overseeing the sign-off of our 2023 annual report and accounts in her capacity as Chair of the Audit Committee. On behalf of the Board I would like to thank her for her strong support of the Society while a NED and her diligent stewardship of the Audit Committee whilst acting as its Chair.

We are however delighted to have found a new NED and Audit Committee chair in Janet Chapman, who is sitting in the front row today. Janet, who will formally join the Board tomorrow, and brings with her a wealth of experience, most recently having worked for Nationwide Building Society as Managing Director of their Member Services and prior to that as Chief Internal Auditor. We welcome

Janet to the Board and, in accordance with the Society's Rules, she will stand for formal election at the next AGM.

Turning now to our 2023 performance, I am pleased to report that the Society has once again delivered a very strong set of results, despite external economic challenges, by focusing on delivering competitive products and excellent customer service.

The economic environment in 2023 was challenging with inflation levels remaining high and the Bank of England raising Bank Rate five times in response, all of which has resulted in increasing pressure on the cost of living. Despite this, the Society was able to deliver record levels of new lending and strong retail savings inflows whilst also delivering excellent underlying profitability. It's important to remember that our profits are not paid to shareholders but are instead retained by the Society to support future growth and investment.

In 2023 we continued our strategy of investing in our people, processes, and technology to enable us to provide quality products and excellent service to our members, both existing and new - and it is this focus that continues to underpin our strong delivery.

I am immensely proud of the tremendous contribution of Society colleagues who have delivered to you, our members, throughout the year. On behalf of the Board, I would like to offer them all our heartfelt thanks.

I'm also proud of our contribution to our local community, something Adam will expand on shortly. Although we operate across England and Wales, we are proud of our Black Country heritage and it's right that it's the focus of our community and charitable activities.

Turning now to our outlook for 2024, although the economic outlook remains uncertain and both the mortgage and savings markets remain incredibly competitive, the Society is financially strong and well positioned to continue the positive progress of recent years.

Our Corporate Plan reflects this alongside a continued investment in people, processes and technology to ensure the Society has a long-term sustainable, successful and secure future.

As I said last year, the good thing about the Society being 123 years old, is that we are an institution that has seen it all before. We can therefore look to the future with confidence.

CEO – Adam Evetts

Thank you, Jeremy.

Let me start by saying how incredibly proud I am to be here at my first AGM as Chief Executive. My career has been spent in the mutual sector, with nearly 30 years experience of working in building societies of all sizes, and being given the opportunity to lead the Tipton on the next phase of its journey is a real privilege. I want to thank Rich Newton, my predecessor, for his contribution to the Society during his 32-year career, leaving us financially strong and ready for our next phase of growth.

Having worked closely with Rich for the last 4 years I share his passion for the role that building societies have in providing products and services at a fair price and supporting our local community. I understand the importance of our branch network to our local members, both in terms of providing a safe place for their savings as well as providing friendly and welcoming service. Our relationship is far deeper than simply a transaction. I also understand how our approach to personal underwriting allows us help people, who may have been overlooked by larger lenders, to own a home. And I understand our role as an active member of our community, helping those who are less fortunate than us, supporting good causes and by providing secure employment opportunities.

I'm looking forward to developing these areas further and seeing the Society grow from strength-to-strength as a strong regional building society.

Reflecting on 2023, it was a challenging year for many, dominated by the high levels of inflation and the resulting cost of living pressures. The Bank of England increased interest rates five times during the year as they tried to reduce inflation. Thankfully, we're now start to it fall and it current stands at 3.2%, ever closer to the Bank's 2% target and a long way from the 10.5% we entered into 2023 with.

The housing market slowed, with house prices at one point 5% lower than those seen in 2022 and mortgage transactions across the market falling to levels not seen since 2011.

At times it felt as if a deep recession was inevitable. While have seen some improvement in economic conditions and house prices are again growing, albeit slowly, the housing market remains fragile and competition in the mortgage market intense.

In the savings market, interest rate rises were welcome news, helped further by the implementation of the first phase of the FCA's Consumer Duty in July and the publication of their Cash Savings Market Review. The latter shone a light on the very low rates many savers were receiving on cash held in easy access accounts with the larger banks.

Increased savings rates and the ever-growing influence of consumer advice champions such as Martin Lewis saw savers starting to more proactively move funds to better paying accounts, and more closely monitoring the interest rate they receive.

Against this backdrop we have continued to focus on the things we do well, and as a result, the Society had another very successful year in 2023, delivering gross mortgage lending of £115.5m, our highest ever year, resulting in our mortgage book growing by 11.3%, giving us total assets in excess of £600m, an incredible achievement given the market conditions.

We achieved this by offering a broad range of competitive mortgage products, as well as focusing on streamlining our underwriting policies and practices, reducing the time it takes for us to arrive at lending decisions.

We also re-entered the Shared Ownership market, helping borrowers get onto the property ladder in a cost effective way.

Despite mortgage rates rising significantly in response to increases in Bank Rate and the cost of living pressures felt by us all, we saw only a small increase in the number of borrowers falling behind on their mortgage payments. As at the year-end, just 0.6% of our total mortgage book were in arrears of 2 or more months.

The Society will always work with members who are struggling to pay their mortgage, whether in arrears or not. During 2023 we signed up to the Mortgage Charter, a joint government and industry initiative to help provide some short-term flexibility to borrowers unable to meet their monthly mortgage payments. Using the Charter and our existing forbearance tools we have been able to provide support to many customers, helping to keep them in their home.

For our savings members, the increase in Bank Rate was a positive, as the Society significantly increased the rates on our accounts. It's pleasing to note that our approach resulted in the Society attracting £51m in new savings balances from both existing and new members. This increase in savings balances will support future mortgage lending activity.

Our underlying profit before tax for 2023 increased by £700k to £4.5m, supported by growth in mortgage balances and the impact of higher by interest income. Our profit before taxation, including accounting adjustments for derivatives, was down by £500k at £4.3m. Derivative account adjustments are complex, but I would emphasise that any gains or losses will unwind over future years. I would also emphasise that while our profitability for 2023 was strong, as a mutual organisation our profit is used to reinforce our strong capital position and to support future investment and growth, rather than paying shareholders.

Turning now to our community, supporting and making a positive contribution to our local community is very important to us as a Society. During the year we donated over £47,000 to charities, including donations to our Charitable Foundation, the Black Country Food Bank and the Midlands Air Ambulance Charity.

Our £15,000 donation to our Foundation included £5,000 as a direct result of members saving in our Community Saver accounts. The Foundation supports charitable activities within the West Midlands with the principle purpose of raising educational standards, increasing health provision, and supporting the hospice movement.

Midlands Air Ambulance is a charity the Society has supported for many years, and in 2023 our Midlands Air Ambulance Saver Accounts helped us to raise over £9,000 for them.

Once again Society colleagues adopted the Midlands Air Ambulance as their charity partner for the year and raised a further £7,750 – an very impressive achievement.

During the year we increased our support for the Black Country Food Bank, reflecting the vital support they provide to the most vulnerable people in our heartland, with a donation of £12,000. We also pledged a further £12,000 in 2024, helping the Foodbank to better plan its activities for the year ahead. Additionally, we introduced foodbank donation points into all of our branches, as well as encouraging our colleagues to volunteer at their warehouse in Brierley Hill.

Talk magazine, included within your AGM pack, provides a lot more information around our community and charitable activities.

Our success during 2023 would not have been possible without the support and commitment of all of our colleagues, and I want to thank them for how they embody our values, working together to support the delivery of the products and great service our customers expect.

I believe the Tipton is great place to work, where people are friendly, everyone has a voice and we share and celebrate our successes. It therefore is very pleasing to see us grow, creating new job opportunities in our local area, and last year we welcomed 14 new employees in the organisation.

Last year also saw us working harder to make sure our colleagues feel the Society is a welcoming and inclusive place to work. We delivered a series of diversity and inclusion events to promote understanding and awareness around a range of topics including Diwali, Ramadan, Black History Month, International Women's Day, Mental Health Awareness Week and Pride Month.

We also made a number of changes to our employee benefits package, making sure it's competitive so can both attract and retain people with the right skills, and helping to ensure our colleagues are provided with the right benefits to support both their mental and physical wellbeing.

We are already seeing the benefits of this investment in our people with our colleague 12-month turnover rate standing at just 4% as at the end of 2023, a truly impressive achievement and something any employer would proud of.

Finally, turning now to the outlook for 2024. We remain focused on delivering our principle purpose of helping members to own a home at all stages of life, and to help them save for the future with a safe and secure home for their savings.

In 2024 we have already embarked on a number of significant projects to develop and deliver new products and further improve our services, simplifying customer journeys and expanding the way customers can interact with us.

During 2024 we will also look at ways of engaging more deeply with our local community, as well as continuing to develop our people.

While economic conditions have, to a degree, stabilised, we are focused on delivering another year of growth, albeit it may be challenging to match the growth levels seen in 2023 given the current level of competition in the mortgage and retail savings markets.

We are financially strong, have a clear sense of our purpose, and will continue to take opportunities as they arise, and I have every confidence that 2024 will be another year of success.

Thank you all for your continued support.

Chair of Board – Jeremy Cross

Thank you, Adam.

Before I turn to the formal part of the meeting there is now an opportunity to ask questions relating to the Society and resolutions presented at this AGM.

[Member questions]

I will now move to the formal part of the meeting.

[Voting Rules/Formal Voting]

Turning now to the formal resolutions, we have asked all eligible members, unable to join us today, to make use of the proxy voting forms enclosed with the Notice of Meeting.

In order that the proxy votes can be included when the votes are counted I am calling for a poll on each of the resolutions.

Before the votes are cast at today's meeting, I will ask Mark, as Secretary, to explain the voting rules for all of the resolutions.

Society Secretary – Mark Ferguson

- (i) Ladies and gentlemen, votes must be taken on each of the resolutions. If you have not already completed the proxy voting form you will have been handed one on arrival tonight. The voting conditions are shown on the voting form.
- (ii) In accordance with the Society's Rules, each ordinary resolution on today's agenda must achieve a majority of 50% of members voting in person or by proxy in order to be passed.
- (iii) In order to protect the integrity of the vote we have appointed Civica Election Services as independent scrutineers.

- (iv) If any Member present believes that they are entitled to vote and have not received a voting form, please raise your hand and one of our colleagues will assist you.

The Chair will now propose the resolutions one by one for you to cast your vote accordingly.

Chair of Board – Jeremy Cross

Thank you, Mark.

Following completion of the voting on each resolution, the provisional results for the resolution will be declared on the screen.

The final results, including votes cast today, will be displayed on the screen after the meeting has closed. They will also be published on our website tomorrow.

Resolution 1. REPORT AND ACCOUNTS

I now propose the resolution that the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31 December 2023, be received.

Please cast your vote on this item on your voting form.

Thank you.

The provisional results in relation to this resolution are now shown on the screen.

There were 2,572 votes in favour, 32 against, and 13 votes withheld, the percentage in favour being 98.77 per cent.

Resolution 2. DIRECTORS' REMUNERATION REPORT

Turning now to the next resolution, members are asked to approve the Directors' Remuneration Report by means of an advisory vote on an ordinary resolution. The Report was included in the Summary Financial Statement which has been sent to all eligible members as part of the AGM pack.

I now propose that the Directors' Remuneration Report for the year ended 31 December 2023 be approved.

Please cast your vote on this item on your voting form.

Thank you.

The provisional results in relation to the approval of the Directors' Remuneration Report are now shown on the screen.

There were 2,450 votes in favour, 140 against, and 24 votes withheld, the percentage in favour being 94.60 per cent.

Resolution 3. RE-APPOINTMENT OF AUDITORS

Under the Building Societies Act 1986, a vote on an ordinary resolution is required to re-appoint the auditors.

I am pleased to propose that BDO LLP be re-appointed as Auditors of the Society, to hold office until the conclusion of the next Annual General Meeting.

Please cast your vote on this item on your voting form.

Thank you.

The provisional results in relation to this resolution are now shown on the screen.

There were 2,531 votes in favour, 63 against, and 23 votes withheld, the percentage in favour being 97.57 per cent.

Resolutions 4-7. RE-ELECTION OF DIRECTORS

Under the Building Societies Act 1986, a vote on an ordinary resolution is required for the election of new Directors, and re-election of Directors retiring by rotation. All Directors standing need the positive endorsement of the membership, both saving and borrowing, in order to be elected or re-elected.

These resolutions represent the accountability in practice of the Board to the members.

Your Board recommends that you vote for the director standing for election, Myron, and following formal performance evaluation the Board considers he continues to be effective and demonstrates commitment to the role.

I therefore propose the following ordinary resolution:

- That Myron Hrycyk be **re-elected** as a Director of the Society

Please cast your vote on this resolution on your voting form.

Thank you. Our colleagues will now come and collect your voting forms, will those members with forms please have them ready.

Has everybody who wishes to vote now passed their voting form to a member of our colleagues?

Thank you.

The provisional results in relation to the resolution for the re-election of Myron as a Director are now shown on the screen.

There were 2,509 votes in favour, 82 against, and 26 votes withheld, the percentage in favour being 96.84 per cent.

The votes cast during the Meeting will be counted and the final results, including votes cast today will also be display on the screen shortly and also published on our website tomorrow.

CONCLUSION OF MEETING

Ladies and Gentlemen, there has been no notice of any additional business and so I now declare this meeting closed. Thank you for your continuing support.

As I mentioned earlier, Board members and Executives will be on hand to answer your questions or receive your suggestions for improving our service, and I would like to invite you to join us for refreshments.