

Annual General Meeting 2020

Chair's Opening Remarks

Steve Round, Chair of Ecology, was unable to attend the meeting in person. Given this, the Directors present elected Paul Ellis, Chief Executive, to chair the meeting.

Thank you for re-joining us for this continuation of the 2020 AGM which was adjourned from the original time of 10:15am. We now have a quorum of 11 according to the Rules and that is everyone who attended this morning as a qualifying member. Thank you for bearing with us and joining us again.

Welcome, to this rather strange AGM that we have ahead of us. We are going to quickly look at the highlights of 2019 and the priorities for 2020 and we will deal with the standard business before us, to receive the accounts, to appoint BDO LLP as auditors and also to receive the Directors remuneration report. We also have the election and re-election of a number of Directors, with three directors being elected for the first time and two re-elections to deal with. We will then briefly touch on the 'Ask the Directors' section of the meeting, which normally provides time to count the votes and to enable us to hear feedback from members. We will address a couple of the questions we have received; the rest will be published on the website with individual responses to those who have raised them. We will then provide the voting results and any other business, but no qualifying business has been notified to us.

Let's go on to 2019. It seems surreal talking about 2019 because there could not be any bigger contrast than with the circumstances we find ourselves in against the out-turn for 2019. We had a 13% increase in lending last year and as a lending led Society, that is very welcome. That represented 308 sustainable properties and projects that we were able to help fund. One of the pleasing aspects of last year was the increase in the prospects we were seeing from the commercial and community angle, alongside all the other good work that we do. That made it possible for us to reopen the savings accounts range, enabling us to welcome new members in numbers for the first time in a while, which is very pleasing. It is never good as a mutual society when you have to restrict access to your savings facilities. Some of this lending fed into the record profits that we encountered for the second successive year and that is important because it enables us to keep funding our future growth and enables us to expand the size of our mortgage book. That profit adds directly to our capital and helps maintain the ratios we need to maintain in order for us to deal with the requests for funding that we receive.

Another great aspect of last year was that alongside the financial performance the good work that we do has been widely recognised, with awards from Mortgage Finance Gazette, the Yorkshire Financial awards where we had a number of colleagues who were able to celebrate that award and also quite significantly the Building Sustainable Finance awards from Finance for the Future which are organised by the Institute of Chartered Accountants. That really felt that what we had been setting out to achieve, in building this machine that would enable us to supply sustainable finance was really being recognised, and part of that recognition was the fact that we engage our members so closely in what we attempt to do. Further, we saw in 2019 extending influence for the Society in

the field of sustainable finance with many requests from Government for input into their programmes and ideas, which is a good endorsement of what we do and that is also shown in other developments such as our External Affairs Manager leading the communications strand for the Building Societies Association Green Finance task force.

That takes us onto the 2020 priorities, where we set out this year with our corporate plan building on what we had been doing in the previous year as some of the things we are engaged in at the moment are multi-year in nature. No sooner did we complete the corporate plan, in terms of its preparation and acceptance, than we were hit by the emergence of the coronavirus crisis. Even before the lockdown it was becoming quite apparent this was going to be quite disruptive. So, we have to read this against the uncertain backdrop of the impact of the crisis.

The priorities for the year include the continued investment in operational resilience capability. There is still some work to be done there but in some senses the responses to the virus has meant that a great deal of extra resilience capability has been achieved, as evidenced by the fact we are able to work so smoothly from home and that will no doubt continue to be the case to some extent and it will thus change the way we frame our disaster recovery arrangements.

Inevitably we will also continue to grow our sustainable lending and the corporate plan is based on what we understand to be the likely trajectory, looking at the pipeline we have, and to some extent the improvements in offerings and products that are being planned particularly on the retail side. We will continue our support of the community led housing sector and we are seeing a growing list of leads emerging in that area as that sector comes to a certain degree of maturity in terms of delivery, which has to be said has been helped immensely by the efforts of our team in that area.

It is inevitable and essential that we enhance our digital and online capability. Online capability in our delivery to members, but there is so much to be done behind the scenes to improve our systems and our data capabilities and I see those pieces of work as a seamless transition to process re-engineering and ensuring the society is fit for purpose for the coming years. All that will lead to providing great service for our members and we know we have a certain amount of plumbing work in the background to ensure that continues to be the case, not least in ensuring that our compliance and risk capabilities remain adequate for the challenges that we face, in particular the extension of the regulatory agenda that we see and from which there appears to be no let up.

So, in terms of wider influencing and the activism that is expected of us, we will continue to influence and pioneer policy changes to support low carbon finance solutions. At this point we are awaiting the results of the election, but we have new Directors onboard who I believe will significantly help us in that challenge. Let's hope that we can advance much of this agenda and return to normality relatively soon.

Paul Ellis, Chief Executive
Ecology Building Society
30 April 2020