2022 Annual General Meeting – Q&As

We received the below questions/comments prior to and during the AGM and set out below our responses.

Q1. I note an AGM will take place on 22 April 2022 with resolutions for electing directors.

To my dismay I note that they all appear to be very English very white directors.

Please confirm if this is correct and why this is the case when Asians and people of the BME community hold more than 5 cabinet posts in the current government, including the Chancellor of the Exchequer position.

We accept the point and while our current board lacks representation from ethnic minority groups, we are committed to ensuring that the Board has the right balance of skills, knowledge, experience, independence, and diversity to enable us to discharge our duties and responsibilities effectively. In line with our Board Diversity & Inclusion Policy, we firmly believe in the importance of a diverse Board, in its broadest sense and promote an inclusive culture across the Society. Having a wide range of perspectives at the Board level enables us to support our stakeholders' views, challenge management and achieve the Society's overall strategic aims. It is recognised by the FCA that diversity within financial services firms remains an industry wide challenge and more needs to be done.

While any new appointee to the Board is made on merit and against objective criteria, diversity is very much front of mind when we carry out a search for a new director. We use an executive search agency to assist in any search and instruct them to identify a diverse list of candidates. In 2020 and 2021 when we were recruiting to fill two Board roles, we had Asian candidates shortlisted for both roles. One fell away because of a recent significant increase in the demands with one of their existing board roles. In the other, they decided they would prefer to stay in the consulting industry.

The Board has also set itself a target of ensuring that one third of its directors are women – we are currently at 14%. (The Leadership Team comprises 25% women and their direct reports 47%.) The Board is conscious that it has taken a step back in terms of its gender target following Sarah Howe's resignation, however, it hopes to initiate a search later in the year or in early 2023 to fill the current Non-Executive Director vacancy with a female and, where possible, ethnically diverse candidate.

Finally, we are in the process of carrying out a diversity monitoring exercise to understand the make-up of our workforce. Based on the current responses, ethnic minority groups make up 12.5% of our workforce.

Q2. Could you please confirm if there are any plans to increase the rates of interest on your cash ISA in view of the general increase in savings interest rates?

We are increasing the interest rate on our Cash ISA account from 0.2% to 0.3% WEF from 1 May 2022. We are constantly reviewing our interest rates taking into account changes in the Bank of England base rate and market rates generally.

We publish any changes on our website at https://www.harpendenbs.co.uk/message-to-our-savers/

Q3. What is the ideal number of borrowers and is the Society losing borrowers to its competitors?

There's not really an ideal number of borrowers, it's more a question of the value of accounts held and the ability to invest in the business to grow. The market remains buoyant, and competition comes from a number of sources including challenger banks and other building societies. The Society needs to ensure that its product offerings remain fit for market and focus on improving its service proposition.

Q4. In order to remain on the high street, does the Society consider it might be necessary to merge with another small building society?

The Society is very much committed to maintaining a high street presence and understands the importance for its members. The Society sees the closure of other banks on the high street as an opportunity for it. It does not anticipate merging with another Society and is very much focused on building a sustainable society for its members. The Society's strong capital and liquidity position allow it to modernise its business and build a platform for sustainable growth.

22 April 2022