2024 Annual General Meeting – Q&As and Comments

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

1. Given the reduction of banks on the High Street, is there an opportunity for the Society to raise its profile by relocating to a more prominent site in Harpenden and consider another site in St. Albans? Will the Society consider advertising in the local media to increase its profile?

There have been discussions about relocating the Harpenden branch to Harpenden High Street. The Society owns the current branch on Station Road and would like to find a more suitable location on the High Street. Separately the Society has recently refurbished its branches. The new CEO will explore the potential for new branch locations although there are no current plans to add to the branch network.

2. Most banks offer fixed rate ISAs, why does the Harpenden Building Society not do so?

The Society is currently reviewing its fixed rate savings and mortgage products and hopes to be able to offer a range of fixed rate products to customers (including fixed rate ISAs) by the end of 2024/beginning of 2025.

3. A withdrawal from an account was offered by cheque instead of a bank transfer, was this due to Harpenden Building Society not being a bank?

The Society has a £50,000 payment limit on electronic transfers to protect its customers and bank transfers can only be made to nominated bank accounts.

4. Building Societies should collectively establish an auditing company to serve the sector rather than rely on the "Big four".

It would be challenging to set up an audit firm which focused solely on the building society sector as this would require wider support and would need to be suitably resourced. Auditors need to be independent, therefore the Society could not get involved in the creation, ownership or structure of an audit firm, which it then engaged to audit it.

5. Does the Society offer standard or high-risk mortgages and what precautions does the Society take to protect itself? Do high-risk mortgages come through brokers?

All the Society's mortgage products are offered through brokers. Most of the UK mortgage market is sourced through brokers, due to increased regulation in the sector. The Society specialises in offering mortgage products to customers with complex needs, i.e. offering loans for self-build mortgages. Although this requires more effort on the part of the Society, this achieves higher returns. The Society considers customers with diverse income sources and assets. Assessments on prospective mortgage customers are thorough, and the underlying risk is managed through the Loan to Value (LTV) (the amount which is lent against the value of the property). The Society does not lend more than 80% LTV

and the average LTV across the mortgage portfolio is circa 60%. The Society has not had any credit losses for many years and has low levels of arrears on its book.

6. The Report & Accounts do not include information about diversity of staff i.e., what numbers of staff are from diverse backgrounds?

The Society is not required to include information about the diversity of its staff in the Report & Accounts. The Society conducts a review to understand diversity amongst its colleagues. Previous reviews indicate that the Society has a diverse pool of colleagues. For the next Annual Report, management will consider the inclusion of diversity information to provide visibility to members.

7. Is there any likelihood of the Society rolling out any agency branches?

The Society will review this, but the introduction of further branches will need to be balanced against the costs of doing so.

8. What is the spread of membership across the country and is there any pressure to demutualize?

The Society has attracted savings customers outside the region since offering online account opening, although the core base of savings customers is located within close proximity of the branches. The Society has geographic diversity among mortgage customers given the Society's broker origination model. The Society has no plans to demutualize, and this is agreed by the members when they sign up to the Society's terms and conditions.

19 April 2024