

**Minutes of the Annual General Meeting held at
The European Room, Edinburgh City Chambers, 253 High Street, Edinburgh, EH1 1YJ
on
Wednesday 17 May 2023 at 2pm**

Present: Mr Ian Wilson, Chair
Mr A Hastings, Vice Chair
Mrs Sheila Gunn, Director
Mr Sean Gilchirst, Director
Mr Mark Nolan, Secretary

Mr P Denton, Chief Executive Officer
Mr Neil Easson, Finance Director
Ms Karyn Lamont, Director
Mr Andrew Lee, Director
Mr Haytham Abdel-Sattar, PWC

73 members

Apologies: Mrs Rosemary Hilary, Director
One member sent apologies

1. Introduction

- 1.1 The Chair, having been appointed since the last Annual General Meeting (AGM) introduced himself and welcomed everyone to this historic meeting, which was taking place in the Society's 175th anniversary year.
- 1.2 The Chair declared the meeting to be open.
- 1.3 As required by the Society's Memorandum and Rules, the Secretary confirmed to the Chair that the meeting was quorate.
- 1.4 The Chair then outlined the programme for the day which as well as the formal business would include a presentation from the Chief Executive Officer and the Finance Director. At the close of the AGM there would be a presentation from Mr Grahame Walker, to introduce the Society's new charitable Foundation. Following this, members were invited to a reception to mark the Society's 175th anniversary celebrations in the Council Chamber where refreshments would be served. Attendees would also hear a recital from the Edinburgh Makar of a poem specially commissioned to mark the anniversary. A history book charting the Society's first 175 years had also been commissioned and copies were available for members to take away.
- 1.5 The Chair then introduced the Directors present and the Society Secretary.
- 1.6 The Chair explained the procedures for the formal business and highlighted to the members the new directors seeking election for the first time. In accordance with the Rules of the Society, any Director newly appointed by the Board, should seek election at the first AGM following their appointment. Therefore, Mrs Rosemary Hilary, Mr Andrew Lee and Mr Wilson were seeking election today.
- 1.7 The Chair also used the opportunity to express, on behalf of the Board, thanks to his predecessor, Mr Raymond Abbott, who retired from the Board in November 2022. Mr Abbott joined the Board in 2013 and served as Chair from 2017. The Chair also noted that Mr Abbott was in attendance.

2. Finance Director's Report

- 2.1 Mr Easson, Finance Director, outlined the Society's achievements over the last financial year highlighting financial performance around growth, profitability and the financial strength of the Society.

3. Chief Executive Officer's Report

3.1 Mr Denton, Chief Executive Officer, then updated the meeting on the Society's work and strategy over the last year, as well as its future ambitions, covering topics including the external landscape in which the Society currently operated in, the Society's purpose, members and feedback, relationship centres as well as the Society's future ambitions around savings, mortgages and ESG.

4. Members Question and Answer Session

4.1 The Chair thanked Mr Easson and Mr Denton for their updates and opened up the meeting to questions from members.

4.2 A member asked about partnership working with agencies and if this would increase. Mr Denton advised that the Society's experience of agencies was mixed and that it was unlikely to revert to working with agencies in the future. Modern technology allowed customers to engage with the Society, such as online, as well as more traditional methods such as postal, without the need for more agents.

4.3 Noted on page 21 of the Annual Review & Summary Financial Statement was a reference to the use of derivative instruments and a member enquired as to what the Society hedged against. Mr Easson confirmed that this was in relation to protect against movements in interest rates.

4.4 Support was noted for the Society's continued investment in its branch network, which one member described as encouraging. However, before the pandemic, branches opened on Saturday mornings, which was no longer the case and asked if Saturday morning openings might return. Mr Denton confirmed the Society's commitment to the relationship centres, but also noted that as footfall had declined, the centres would have been closed based on footfall alone. The economics of the branch network worked because staff now only spend around 20% of their time with customers visiting. Mr Denton also confirmed that there had been no demand for the branches to open again on Saturdays and it was unlikely to be the case that these would return.

4.5 In response to a question around the pending relocation of the Edinburgh relationship centre, Mr Denton confirmed that there were no plans to relocate Head Office from Dalry Road.

4.6 In response to a question on the 'Martin Lewis effect' and its impact on the Society, Mr Denton responded by noting that whilst the work done by Martin Lewis on consumer education was good overall for consumers and to be welcomed, however, the resulting volume increases from direct recommendations to smaller firms, like the Society, were not always welcome owing to size of the impact on the Society compared to larger competitors.

4.7 Finally, a member asked if the £85,000 guarantee for savings and deposits could be increased in the future. Mr Denton confirmed that the Society participated in the Financial Service Compensation Scheme (FSCS) and agreed that the limit had not been reviewed for some time. However, any changes to the limit would be a matter for the PRA and the Bank of England.

5. Notice of meeting

5.1 The Chairman explained that the Notice of the AGM had been despatched to all Members with the Annual Review & Summary Financial Statement on 19 April 2023 and that, with members consent, its contents would be taken as read.

5.2 The Chair then invited the Society Secretary to commence the formal business.

6. Resolutions

- 6.1 Mr Nolan explained that, in keeping with Corporate Governance best practice and in line with the Society's Memorandum and Rules, all resolutions would be decided by way of a poll.
- 6.2 Mr Nolan also confirmed that all resolutions put before the meeting were ordinary resolutions and therefore required a simple majority to be passed.
- 6.3 The resolutions were as follows:
1. To receive the Directors' Report, the Annual Accounts, the Annual Business Statement and the Auditors' Report for the year ended 31 January 2023
 2. To approve the Directors' Remuneration Report set out in pages 22 and 23 of the Society's Annual Report & Accounts for the year ended 31 January 2023
 3. To re-appoint PricewaterhouseCoopers LLP as independent auditors of the Society to hold office until the conclusion of the next Annual General Meeting
 4. To elect Ian Wilson as a Director
 5. To elect Andrew Lee as a Director
 6. To elect Rosemary Hilary as a Director
 7. To re-elect Neil Easson as a Director
 8. To re-elect Sheila Gunn as a Director
 9. To re-elect Andrew Hastings as a Director
 10. To re-elect Karyn Lamont as a Director
 11. To re-elect Paul Denton as a Director
 12. To re-elect Sean Gilchrist as a Director

7. Declaration of the result

- 7.1 Having opened and closed the poll, on behalf of the Chair, Mr Nolan confirmed that based on the proxy votes submitted by Members in advance of the meeting, all resolutions had been supported by a substantial majority.
- 7.2 Mr Nolan then confirmed that, once checked and validated, the final results, combining both proxy votes already submitted and the results of today's vote, would be published on the Society's website by the end of the week.

8. Any Other Business

- 8.1 The Chair confirmed that no notice of any further formal business under the Rules had been received and as there were no further questions from the members present, formally closed the meeting.

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Chair