

Chairman's AGM Address  
Monday 20th April 2020

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Good evening,

Welcome to The Cambridge Building Society's 170th Annual General Meeting (AGM).

Due to the Coronavirus pandemic this is an unusual AGM, with members attending in person restricted due to the current 'lockdown' restrictions in force. I will therefore keep my remarks brief as we seek to conclude the formal business of the AGM in short order. The Board and I are disappointed not to have this regular opportunity to engage with members, and once lockdown restrictions are eased we will arrange a subsequent event in order to enable members to meet with the Board and ask any questions in the usual way.

The Society has grown strongly in recent years and continued that trend in 2019, with overall mortgage book growth of 8%. Over the last four years we have grown our mortgage book by 50%, and as a result the Society's overall asset position surpassed £1.5bn for the first time in the Society's history.

Whilst financial strength is an essential component in maintaining the sustainability of The Cambridge, of equal importance is the need to evolve and develop to meet the changing needs of existing and future members. In 2019 we continued to develop our branch network, investing in our modernised store format and fully refurbishing our Great Shelford and Ely stores. Feedback on the new format is positive. We also continued to invest in our digital offering, delivering improvements for

both customers and intermediaries, demonstrating the Board's ongoing commitment to delivering an integrated service that allows our members and partners to choose when and how they interact with the Society. In recent weeks this investment has proved critical in allowing us to continue to service members remotely during the lockdown.

The Cambridge is an increasingly sophisticated financial services institution, but we remain rooted in our local community and committed to making a difference to those who live and work in and around Cambridge. We are clear on our purpose: to find ways to help people have a home by supporting people who couldn't buy without our help, and working with groups in our community who offer services for shelter and housing. To this end, in 2019 we launched our innovative 'Rent To Home' scheme and we intend to increase the scope of that scheme in the future.

A fundamental responsibility of the Chairman and Board is to manage key person succession and in 2019 we said goodbye to our long standing Chief Executive, Stephen Mitcham. Stephen joined The Cambridge in 1990, becoming Chief Executive in 2007. Under his tenure the Society flourished, indeed Stephen transformed The Cambridge into the modern, outward looking organisation that we are today. These achievements were recognised in November 2019 when Stephen was presented with the Lifetime Achievement accolade at the Mortgage Finance Gazette Awards. We owe him a huge debt of gratitude and wish him every success in his future endeavours.

Stephen is succeeded by Peter Burrows, who joined the Board in 2016. I am delighted that we were able to make an internal appointment, which reflects well on the Society's talent management and succession processes. He was appointed after a thorough search during which we assessed the merits of a range of excellent external candidates, and your Board was unanimous in concluding that Peter was the right person for the job. We look forward to many more years of success under his leadership.

2019 was a successful year for the Society, but of course 2020 has seen the outbreak of the Coronavirus which is having a significant effect not just on business but the country as a whole. We

have responded by moving to a reduced branch and store opening pattern and relocating the large majority of our Head Office team members to work from home. This includes our customer call centre, whose work is now inevitably spread across a number of locations as team members work remotely. In these very unusual circumstances the Call Centre has remained a very effective part of our operations, serving the needs of both savers and borrowers. Our objective as we manage through this crisis is to do the right thing by our people, the right thing by our members, and to safeguard the long-term security of the Society.

A number of our members have contacted us with financial concerns. We treat each member as an individual, but typically a member's key concern is their ability to pay their mortgage. In such cases we look to show forbearance, typically through a mortgage payment holiday. As of today some 5% of borrowers have benefited from forbearance this year, demonstrating the scale of the Coronavirus impact.

We are also conscious of our wider role in the local community, and to that end we have made a £10,000 donation to Cambridgeshire Community Fund's Covid19 appeal to enable them to support those in our community most impacted by the crisis.

There is no doubt that the Coronavirus pandemic will have a material impact on the UK economy and housing market, and the Society is not immune from those impacts. However we finished 2019 strongly capitalised and with more than adequate levels of liquidity, and we are as well placed as any to deal with whatever future the crisis brings.

I would like to thank everyone at The Cambridge, the Board, Executive and all other team members for their hard work over the course of 2019 to help the Society achieve this pleasing result. In the current year, I am delighted with the magnificent way all the team have responded so positively to the challenges with which we are currently contending: notably to look after the needs of our members, to ensure a very different way of working is effective and to continue making the difference in our

communities. It makes me very proud to be Chairman of this organisation which, to my mind, epitomises the mutual outlook and ethic.

Thank you all very much.

A handwritten signature in black ink, appearing to read 'Jonathan Spence', written in a cursive style.

Jonathan Spence