

**Our strength will
grow through
community.**



Business Review
including the Summary
Financial Statement

For the year ended 1 February 2021 and
notice of the 162nd Annual General Meeting



**Chorley
Building
Society**

TRUSTED SINCE 1859



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Chairman's Statement

“

I am proud that we have been able to support our Members during such unprecedented times.

”

As a mutual organisation our focus is to maximise benefits to you, our Members, who own the Society.

This means that you can expect that your Society will:

- provide you with a safe place for your money.
- provide you with a personal service, delivered by a real person, crafted to meet your needs, be it our savings team in branch, via the phone or post, online or through our individual underwriting of each mortgage case.
- support our local community.

How have we lived up to these commitments in times of turbulence? The Chief Executive refers to the feedback we have received from Smart Money People and the very high levels of Member satisfaction achieved throughout 2020. In fact, for several months we were the highest scored building society or bank in the UK. The real test for us is what Members say and I set out a number of quotes from Members that were received during the year:

'I contacted Chorley due to the impact of COVID-19. I had been furloughed and my husband had been put on a 20% pay cut, this of course was causing huge anxiety. I contacted Chorley and they could not have been more helpful! Thank you Chorley.'

'You can talk to an underwriter that's human.'

'What wonderful people work at the Chorley Building Society. All have gone out on a limb to help me sort things after my husband's passing, not an easy task in these terrible times due to COVID-19. They explained and solved several problems that had been worrying me and I am grateful to them. Thank you so much.'

I think these quotes demonstrate that we have provided a personal service during the year and I am proud that we have been able to support our Members during such unprecedented times.

The financial performance demonstrates that we continue to keep your money safe and although the net profit is not as high as last year, this is primarily due to the increased risk of default of mortgage borrowers as the COVID-19 pandemic persists.

In last year's report I talked about our 160th anniversary year. Little did I realise that the 161st year would be one of the most challenging in our history.

Throughout the rest of the Annual Report and Accounts we show how we have increased support in the local community when it was most needed. One of our priorities in 2021 is to formalise our commitment to the community.

None of this would have been possible without the huge efforts of our people who continue to serve you, our Members. I often say how proud I am to Chair your Society and the efforts of all our people this year have been outstanding; from keeping branches open to managing huge volumes of work.

Of course, I also recognise that whilst we are proud of what we have delivered for our Members, there is always more to do.

Savings rates remain low which I know is a concern to our saver Members, however we need to broadly follow the market when setting interest rates as those significantly in excess of market rates lead to inflows of cash that we cannot lend on mortgages.

I am pleased that we have made progress in our online offerings to ensure that Members are able to communicate and transact with us using their preferred channel. This continues to be a focus and we are looking forward to continuing to develop our online services.

Another focus for 2021 will be on how the Society can respond to the climate emergency, manage risks associated with climate change and assist Members to respond to the UK's commitment to get to net zero carbon emissions by 2050.

During the year, Gail Teasdale was co-opted to the Board as a Non-Executive Director. Gail is the Chief Executive of Broadacres Housing Association. Gail is a Chartered Accountant and brings a depth of housing and commercial knowledge which further strengthens your Board of Directors.

Our Vice Chairman, Andrew Horsley, and Senior Independent Director, Erfana Mahmood, will be retiring from the Board at the AGM on 26 May 2021, having served a maximum three terms. I would like to thank them both for their immense contribution to the Board over the last nine years and for the personal support that they have given me as Chair.

Conclusion

I am proud to be Chair of the Board and to serve your Society. As a Board, we are mindful that we are entering a period of huge uncertainty however, we start from a secure and strong base with a resilient team and we will continue to focus on delivering benefits to you, our Members and to our local community.

John Sandford
Chairman

31 March 2021

Chief Executive's Review

“

We have once again delivered on our mission to make a difference to the lives of our Members and local community.

”

Despite the year being dominated by the uncertainty surrounding the UK's departure from the European Union on 31 December 2020, combined with a global pandemic that has led to the deepest recession since records began and sadly destroying so many lives and livelihoods, we have achieved an excellent all round business performance.

As well as achieving healthy levels of profitability, we also saw a record increase in savings balances, mortgage assets and reserves. I was delighted that the Society's achievements and performance were also recognised through a number of industry awards and accolades. I am particularly proud of the exceptional Member satisfaction levels achieved during the year. This is no better exemplified than by Smart Money People, the UK's largest independent financial services review website, who described our customer service levels as 'Amazing!' with an average Member satisfaction score of 4.76 out of 5.

In addition, the Society was the winner of the Mortgage Finance Gazette (MFG) award in the category of 'Later Life Lending Innovation' and achieved highly commended in the MFG awards category for 'Community Services'.

A summary of the key financial performance indicators is detailed in the Strategic Report on page 9. The fact that we were able to achieve record levels of capital, savings and mortgage balances, notwithstanding numerous lock-downs and the closure of the housing market in March 2020, is testament to the strength of the Society's business model, the varied range of products and services we offer and the quality of service provided by a team of truly dedicated individuals. Throughout the pandemic and resulting lock-downs, we were able to maintain branch opening and seamlessly moved the core business operations to an entirely new way of remote working.

I am delighted to report that, despite facing one of the most challenging periods in the history of your Society, we have once again delivered on our mission to make a difference to the lives of our Members and our local community.

This is a testament to the professionalism and dedication of the whole team who have all performed above and beyond expectations during extremely challenging circumstances. I am very proud of each and every member of the team who remained entirely focused on the needs of our Members throughout the year.

As a mutual organisation, we also pride ourselves on the support we provide to the local community. This year they have needed our support more than ever and we responded by re-focusing our efforts, as you can see from reading the stories on pages 17 to 20.

During the year, we continued to invest in our teams as well as our systems and technology to support our future growth ambitions and to enhance our Member experience. This investment will continue throughout the coming year and we have exciting plans to further enhance our digital capability as we strive to meet the changing needs of our Members.

Looking forward, I am confident that our mutual business model and focus on delivering real Member value will enable the Society to continue its success and make a real difference to the lives of our Members and to the local community.

I would like to thank all of our Members for your support throughout the year and our amazing team for their outstanding performance and continued commitment and dedication to the Society.

Stephen Penlington
Chief Executive

31 March 2021

Strategic Report



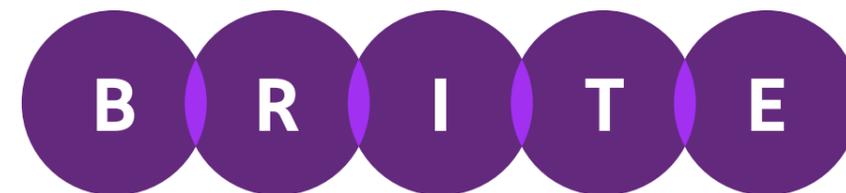
Our Vision

To be the provider of choice for savings and residential mortgages whilst remaining true to our mutual values.

Our Values

- Security and Stability
- Trust
- Investment in our People and in our Systems
- Customer Service

Employee Values, Behaviours and Conduct



Be the Best we can be Respect Integrity Teamwork Every Member counts

Key Highlights of the Year



Total Assets increased by

12.7%

(2020: 11.9%)



Mortgage balances increased by

12.6%

(2020: 11.2%)



Net profit

£0.57m

(2020: £0.81m)



Savings balances increased by

12.6%

(2020: 9.8%)



Capital increased to

£20.8m

(2020: £20.3m)

Strategic Report

The Strategic Report sets out the Society's progress against our strategy together with an assessment of the environment in which the Society operates.

Last year's report commented on the uncertainties surrounding the Brexit outcomes and whilst these challenges remain as valid now as they did then, they are overshadowed by the COVID-19 situation that has persisted throughout the year.

As expected, the financial performance of the Society has been impacted as a result of the ongoing pandemic however, the results for the year ended 1 February 2021 represent another year of strong asset growth, matched with appropriate levels of profitability to support the Society's capital base.

Purpose, Strategy and Values

The principal purpose of the Society is that of making loans that are secured primarily on residential property which are funded substantially by its Members.

The Society's vision is 'to be the provider of choice for savings and residential mortgages whilst remaining true to our mutual values'. This is underpinned by our mission statement 'to make a difference to the lives of our Members and the local community.'

The Society's business model and strategy continues to serve us well and remains largely unchanged. The Society's strategic objectives are to:

Deliver a personal service crafted to meet your needs

The Society is committed to delivering a personal service by embracing our Members' individual needs and wants whilst offering savers and mortgage products distributed through multi-channels.

Remain a safe home for Members' money

The Society is committed to remaining safe by continuing to be financially strong and effectively governed in order to protect Members' money.

Encourage our Member base to flourish, helping more people reach their aspirations of home ownership and realise their savings ambitions

The Society is committed to encouraging our Member base to flourish by being a provider of choice, rewarding membership and meeting the needs of each unique Member at every stage of life.

Always live by our BRITE values

Our values are at the heart of everything we do. They are what drive our everyday behaviour, shape our culture and guide our decision making. Living by our values allows us to demonstrate what is special and different about the Society to those with whom we interact and engage. Our values ensure that every Member receives a level of service of which we can be proud.

The Society Values are:

- Be the Best we can be;
- Be Respectful;
- Act with Integrity;
- Work as a Team and;
- Ensure Every Member counts.

The Society is committed to living by our BRITE Values.

Make a difference in the local community in which we operate

The Society is committed to making a difference in the local community in which we operate by supporting and helping causes that matter to our Members.

Results for the year and Key Performance Indicators

Deliver a personal service crafted to meet your needs

The Society places great value on offering a professional and personalised experience for all Members, both through our friendly and well-trained staff in our three branches and through our complementary online solutions.

Throughout the year, as the COVID-19 pandemic persisted, the Society continued to deliver a personal service to its Members by ensuring that our branches remained safely open and our telephone lines available. We also utilised the drive-through facility situated at our Key House branch which allowed Members to carry out transactions without having to leave their vehicle.

Our digital services have continued to develop and we are delighted that Members are now able to apply for and open savings accounts online, whilst our Mortgage Intermediary portal allows mortgage brokers to submit applications to us quickly and easily. We are committed to continuing to enhance our digital offerings to ensure that Members are able to communicate with us using their preferred channel. Exciting developments such as web chat will launch during 2021 further demonstrating this commitment.

Remain a safe home for your money

One of the Board's roles is to set the Society's strategy. The main Key Performance Indicators which are used by the Board to monitor the performance of the Society's strategy are detailed in the table below:

Key Performance Indicators	2021	2020
Total assets	£300.3m	£266.5m
Total asset growth	12.7%	11.9%
Profit after taxation	£0.57m	£0.81m
Net interest margin	1.7%	1.8%
Management expenses as a percentage of mean total assets	1.4%	1.5%
Gross mortgage lending	£66.4m	£59.0m
Net mortgage balances	£240.0m	£213.2m
Mortgage asset growth	12.6%	11.2%
Shares and deposit balances	£266.1m	£236.1m
Capital	£20.8m	£20.3m
Gross capital as a percentage of shares and borrowings	7.5%	8.3%
Free capital as a percentage of shares and borrowings	6.9%	7.6%
Tier 1 capital ratio	20.7%	22.3%
Liquid assets as a percentage of shares and borrowings	20.7%	20.8%

Encouraging our Member base to flourish

Despite the backdrop of a global pandemic, the Society achieved record levels of mortgage growth in the year. Our mortgage and underwriting teams have been dedicated to supporting Members, providing them with a high quality service and a flexible approach, whilst many other lenders withdrew from the market. During the year, we launched a new range of 'Later Life Lending' products which acknowledged the ever changing needs of our Members, whilst remaining a responsible lender.

In response to the COVID-19 pandemic, the Bank of England announced two decreases to the Bank Base Rate (BBR) during the year from 0.75% to 0.25% on 11 March 2020, followed by a further decrease from 0.25% to 0.10% on 19 March 2020. In response, the Society decreased its interest rates across its mortgage and savers product range however, our savings balances continued to grow throughout the year as the Society continued to offer popular products at competitive rates, including a range of notice products.

The Society keeps its savers and mortgage product offerings and market positioning under constant review and makes changes accordingly.

Always live by our BRITE values

The Society's service proposition is founded upon highly qualified and well-trained employees who are motivated to act in the best interests of our Members, equipped with the appropriate training, systems and tools to do the job properly. As the Society continues to grow, we have strengthened our resources to meet the needs of the business. Our employees' health and safety is of paramount importance and as a result of the COVID-19 pandemic, remote working facilities were arranged and successfully implemented for all appropriate employees and remain in operation as the pandemic continues.

The Society remains committed to training and career development for all employees. It is particularly pleasing to report that a senior employee graduated from Loughborough University during the year with an MSc degree in Leadership and Management.

As an equal opportunities employer, the Society values the differences that a diverse workforce can bring and is committed to ensuring that its workplaces are free from discrimination because of race, nationality (including citizenship), ethnic or national origin, sex (including gender reassignment), sexual orientation, age, pregnancy and maternity, religion and belief, marital status and civil partnership, or disability.

Make a difference in the local community in which we operate

The communities in which our branches operate form the heart of the Society. During the year, supporting local community groups and charities has been more important than ever.

As a Society we have continued to support local charities with much needed donations, as many have encountered a decrease in donations and volunteering activities as a result of the COVID-19 pandemic. Our employees have been involved in many activities to raise money for charity and community groups including:

- Pancake day sales
- Employee donations on dress-down days
- Raffles
- Virtual pumpkin-carving
- Virtual quizzes

Many of our employees have also taken part in sponsorship and volunteering events including our Charity Committee walking one million steps in September, a sponsored head-shave and employees volunteering in a local food bank.

Our Member voted charity for the year was the North West Air Ambulance Charity for which £753 has been raised during the year. The Society is going to extend its support of the North West Air Ambulance Charity throughout 2021, in order to provide the charity with a full year of support from our dedicated fundraising employees.

In addition to this activity, we donated Christmas gifts to local children who would not otherwise receive presents at Christmas. We also gave 11 local charities and community organisations £19,341 in donations and paid £31,886 to the following affinity savings partners during the year: Rosemere Cancer Foundation, Age Concern, The North West Air Ambulance Charity, Derian House, St Catherine’s Hospice, Galloways Society for the Blind, Chorley Football Club and Age UK Lancashire. No donations were made for political purposes. Further details of our charity and community activity can be found on pages 17-19.

Business Review

Profitability

The Society seeks to make sufficient profit in order to invest in and grow the business for the benefit of its current and future Members. Profit enhances our financial strength and is necessary to meet the levels of capital, including protection buffers, required under the Capital Requirements Directive. Financial strength also protects the Society against its principal risks and uncertainties and safeguards Members’ funds.

The Society prepares its results under Financial Reporting Standard (FRS) 102.

Income Statement	2021 £m	2020 £m
Total income	4.9	4.6
Management expenses	(4.0)	(3.7)
Loan impairment provisions	(0.2)	0.1
Profit before tax	0.7	1.0

Profit before tax decreased by £0.3m to £0.7m during the year from £1.0m in the previous year due to increases in mortgage impairment charges. The Society anticipates that the market will remain competitive and that our business model will ensure that sufficient profitability will be generated in 2021/22 to meet our future planned objectives.

Net interest margin

Net interest margin is a measure of the Society’s net interest income and equates to the difference between interest received on assets and interest paid on liabilities, divided by the Society’s average total assets during the year.

The Society’s net interest margin decreased from 1.8% to 1.7% during the year as the Society continued to manage the margin by balancing the risks and rewards in relation to borrowing Members while offering value to saver Members.

With BBR expected to remain at or near this level in the medium term, the Board anticipates the margin will continue to come under pressure and its future plans take this into account.

Administrative expenses and depreciation

Administrative expenses and depreciation (together “management expenses”) increased by £272,699 in the year. Employee costs increased by 14.1% and other administrative costs decreased by 5.5% compared to the prior year. The increase in employee costs was driven by the increase in headcount to match the continued growth of the Society.

Although other administrative expenses decreased in the year, costs were incurred by the Society’s response to the COVID-19 pandemic, including the investment in IT equipment and additional health and safety costs. Further details can be found in note 5 on page 42 of the Annual Report and Accounts.

The Society did not utilise the Government’s Job Retention Scheme due to our status as key workers and the Society was never required to close.

The ratio of management expenses to mean total assets decreased in the year from 1.46% to 1.40%.

COVID-19

The Society is closely monitoring the situation with regard to the COVID-19 pandemic. The Society has maintained all key services and requirements, both internal and external, throughout the pandemic so far and does not foresee any reasonably expected eventuality which would prevent it from continuing to do so.

The Society has assisted over 300 borrowing Members through mortgage payment deferrals, which were introduced by the government in March 2020 as part of its response to the economic impact of COVID-19. The Society has dealt with each of these Members individually to ensure that they have received the support that is most appropriate to their individual needs. Where a payment deferral has been agreed, the Society has contacted each customer at every stage of the process and the information obtained has helped inform the level of provisions held in respect of the impairment of loans and advances to customers.

Impairment charges

The Society maintains an appropriate Mortgage Impairment Policy designed to protect against estimated losses resulting from mortgages that are impaired on either an individual or collective basis. Impairment provisions for loans and advances to customers increased by £214,414 (2020: reduction £141,234).

As at 1 February 2021, impairment provisions totalling £306,608 were held in respect of borrowers that had requested a mortgage payment deferral in the year. This includes £248,586 of additional provisions held to cover the potential losses identified when analysing the impact of COVID-19 on these cases.

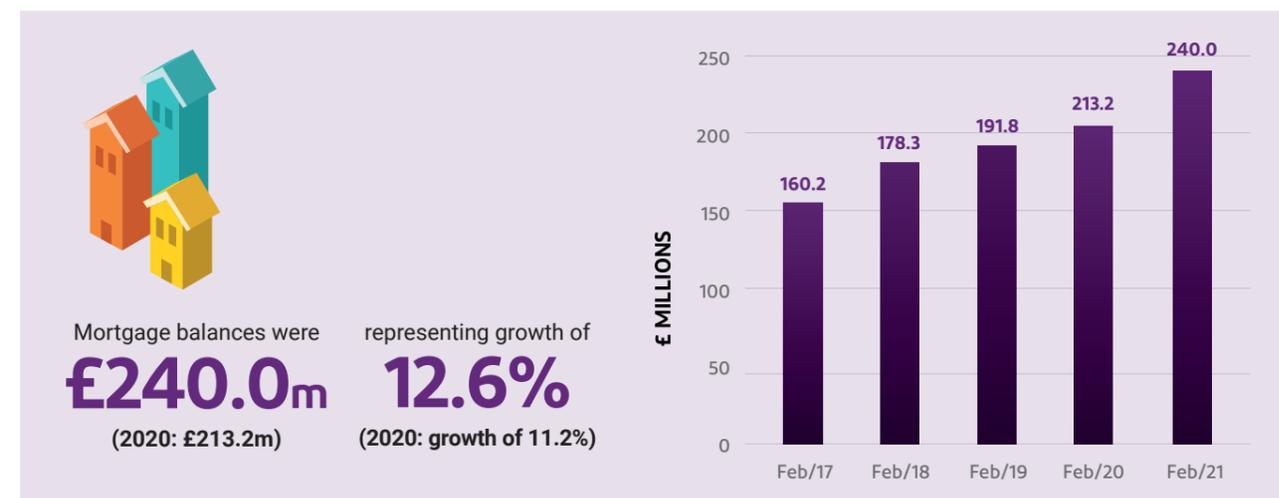
Mortgage Credit Quality

Mortgage Arrears

The Society’s arrears statistics as at 1 February 2021 remain low compared to both the building society sector and the mortgage industry as a whole. There were 5 cases in serious arrears of 12 months or greater at the year end (2020: 4 cases).

Financial Position

Mortgages (Loans and Advances to Customers)



The total amount of arrears outstanding on these accounts was £42,532 (2020: £24,533) and the aggregated capital balance was £422,588 (2020: £365,036). In all cases, the Society has assessed whether the mortgage assets affected are supported by adequate underlying equity with specific provisions raised where necessary. The low arrears levels reflect the macroeconomic environment, with ongoing low mortgage interest rates assisting borrowers with their repayment obligations and Government support schemes such as furlough helping to keep unemployment low. However, the position also reflects the Society’s low risk business model and prudent underwriting approach. The Society always seeks to ensure that borrowers can meet affordability requirements at the date of inception of the mortgage and throughout the full mortgage term.

Once again, the Society is pleased to report that there were no properties in possession at the year end.

Forbearance

The Society will work closely with any borrower experiencing difficulties, offering help and advice on the situation where appropriate. Forbearance measures may include actions such as temporary interest-only concessions, extensions of term and/or reduced payment concessions, including some borrowers still subject to COVID-19 payment deferral arrangements referred to on the previous page. Forbearance towards borrowers was applied to 45 accounts as at the year end (2020: 40). The increase can be almost entirely attributed to the COVID-19 situation. The ending of the Government support schemes increases the risk of borrowers falling into arrears or requiring forbearance measures.

Taxation

The Society discloses an effective corporation tax rate of 19.00% for the year (2020: 19.00%). For further information see note 9 on page 43 of the Annual Report and Accounts.

A summary of the Society's mortgage portfolios are shown in the table below.

Mortgage Portfolios	2021		2020	
	£m	Avg. LTV	£m	Avg. LTV
Prime Residential	220.8	55.4%	195.9	56.5%
Buy-to-Let	18.6	65.4%	16.6	70.1%
Commercial	0.6	45.3%	0.6	47.7%
Provisions	-		0.1	
Total	240.0		213.2	

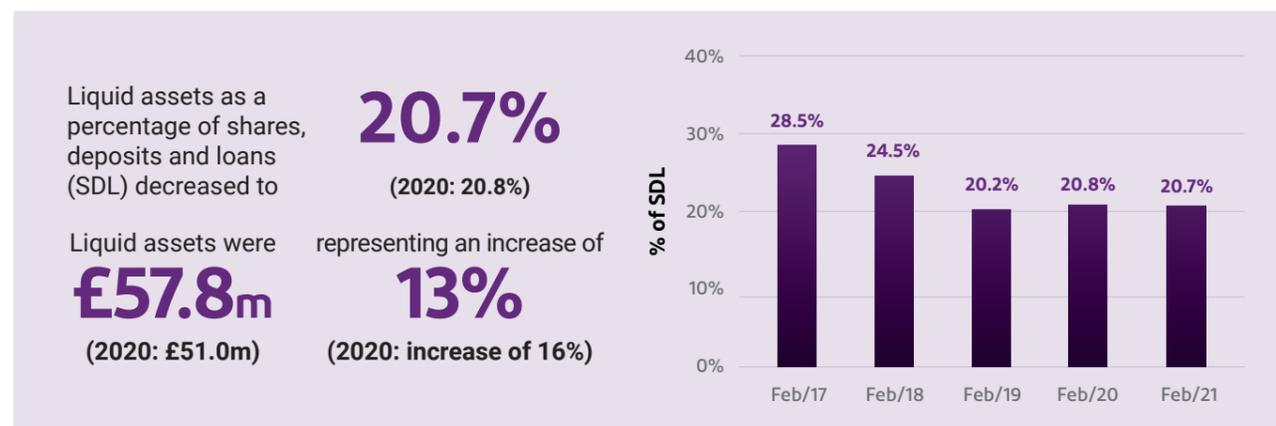
Despite the impact of the COVID-19 pandemic, demand for the Society's range of standard residential owner-occupied mortgage products remained strong, leading to record levels of gross advances in the year.

As at 1 February 2021, the Society's mortgage book comprises over 99% residential loans; included in this are Self-Build mortgages (9%) and Buy-to-Let mortgages (8%). The Society has historical commercial mortgages amounting to less than 1%, however the Society is continuing to decrease its exposure in this area. Our mortgage assets remain of high quality with a weighted average loan-to-value (LTV) of 56% (2020 58%). Lending over 80% LTV at inception is insured through a Mortgage Indemnity Policy which protects the Society from any losses incurred if the property is taken into possession.

All loans are individually underwritten by knowledgeable, underwriters. Every mortgage application is personally considered on a case-by-case basis when assessing affordability rather than utilising computerised underwriting tools. Responsible lending and reviewing each case on an individual basis is fundamental to the high quality of our loan book.

The Society's mortgages are all secured with a first charge registered against the underlying property as collateral. All loans are shown at an indexed LTV using the quarterly regional Nationwide House Prices Indices. Further information on security LTV is provided in note 25 on page 48 of the Annual Report and Accounts.

Liquidity



The Society has continued to maintain high quality liquid assets throughout the year. The Society's liquid assets are maintained principally in the form of cash and government debt of an appropriate level and quality. Liquid assets are readily realisable as cash when required to ensure that the Society can meet its financial obligations as they fall due under normal and stressed scenarios. The Society has no exposure to any counterparty outside of the UK.

Liquid Assets	2021	2020
Total liquid asset balances	£57.8m	£51.0m

By Asset Class	£m	%	£m	%
Cash in hand and balances with the Bank of England	52.0	90	48.3	95
Loans and advances to credit institutions	5.8	10	2.7	5
Total	57.8	100	51.0	100

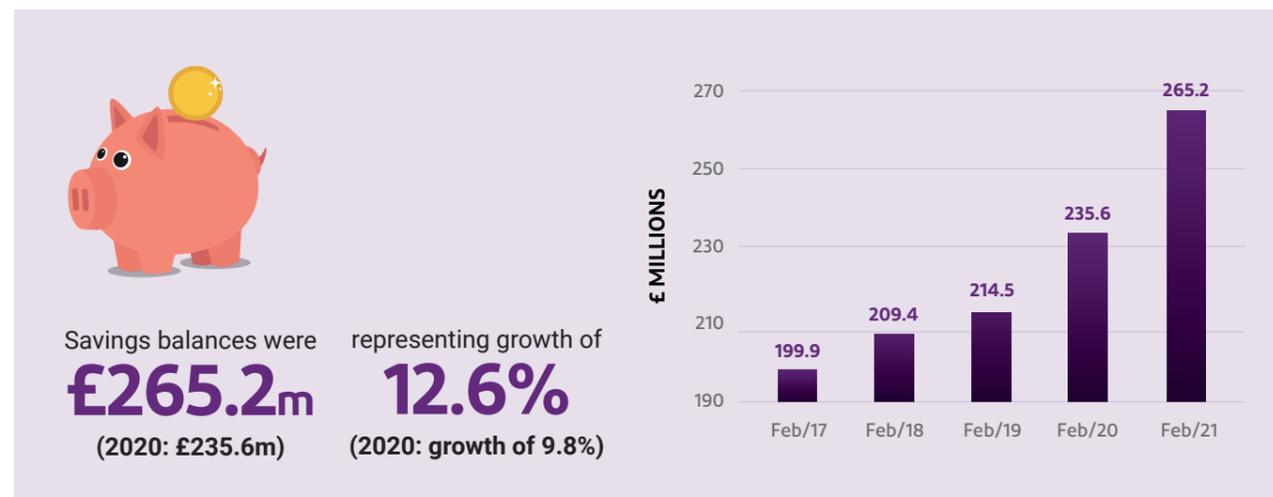
The Liquidity Coverage Ratio (LCR) measures unencumbered high quality liquid assets as a percentage of net cash outflows over a 30 day stress period. The LCR is measured monthly and as at 31 January 2021 was 385% (31 January 2020: 285%).

The Net Stable Funding Ratio (NSFR) measures the stability of the Society's funding beyond 30 days.

The NSFR is measured quarterly and as at 31 December 2020 was 176% (31 December 2019: 178%).

Both the LCR and the NSFR were comfortably in excess of the minimum regulatory limit set by the regulators of 100%.

Savings (Share Balances)



The Society aims to generate a level of savings balances that meet its mortgage funding and liquidity requirements. Following the reduction in Bank Base Rate (BBR) in March 2020, the Society responded with reductions to the interest rates offered on its savings products, balanced alongside decisions impacting borrowing Members and the Society's overall liquidity requirements. After these reductions, the majority of the Society's savings accounts continue to pay rates of interest that benchmark favourably in the wider market and the Society aims to protect, as far as possible, the Society's saver Members from the full impact of the low interest rate environment. Therefore, it was pleasing to strengthen our savers base during the year, demonstrating our competitive pricing in the market for new and existing Members alike and the quality of our service proposition.

Our philosophy remains to operate fairly with simple product design, competitive terms and conditions and to deliver long-term Member value.

We continue to benchmark our interest rates, monitor trends, and most importantly, ensure our Members remain at the heart of any decisions that we make.

Funding

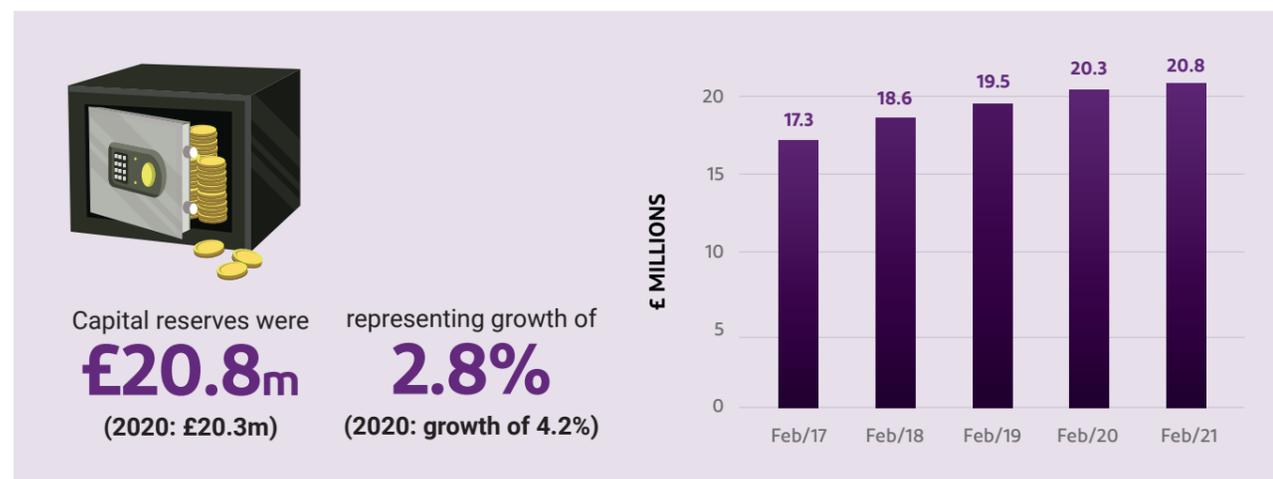
The Society manages its funding levels carefully to ensure it achieves an appropriate level, mix and duration of funding which is essential in providing the Society with the financial resources it needs to meet its growth aspirations. As a mutual building society, the Society's business model is to obtain most of its funding through retail savers funds from its Members, with the balance of funds to support liquidity levels obtained from non-retail sources.

During the year, the Society became an active participant in the Bank of England's Sterling Monetary Framework (SMF) by accessing the Term Funding Scheme with additional incentives for SME's (TFSME).

As at 1 February 2021, the amount borrowed from this scheme amounted to £5.0m (2020: £nil) with amounts being repayable no later than four years from the date of draw-down. The draw-down was used to support lending activities throughout the financial year.

Capital

The Board seeks to maintain a satisfactory level of capital to ensure that the Society is protected against any adverse changes in economic conditions and to cover the level and nature of the risks to which it is or might be exposed.



The Society also accesses funding from the wholesale market. Wholesale borrowings decreased during the year by £1.8m to £7.7m compared to the previous year of £9.5m. This level is comfortably within the limits established by the Board.

The table below shows the composition of the Society's capital and the capital ratios at the end of the year.

Capital	2021 £m	2020 £m
General Reserve	20.8	20.3
Intangible Assets	(0.3)	(0.3)
Tier 1 Capital	20.5	20.0
Collective Provision for Impairment Losses	0.2	0.1
Tier 2 Capital	0.2	0.1
Total Capital	20.7	20.1
Total Risk-Weighted Assets	99.5	89.5
CAPITAL RATIOS	%	%
Common Equity Tier 1 Ratio	20.7	22.3
Leverage Ratio	6.8	7.4
Pillar 1 Ratio	8.0	8.0
Pillar 2A Ratio	-	1.7

The leverage ratio is a measure of capital strength assessing qualifying Tier 1 capital against on-and-off-balance sheet assets. The leverage ratio as at the year end was 6.8% (2020: 7.4%) and although the 3.25% minimum regulatory limit prescribed to firms with retail deposits in excess of £50 billion does not apply to the Society, it is in excess of this limit.

The Society is required to set out its capital position, risk exposures and risk assessment process in its Pillar 3 disclosure document. This is available on the Society's website www.chorleybs.co.uk or may be obtained by writing to the Secretary at the Society's Head Office.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Society are set out in the Audit, Risk & Compliance Committee Report on page 25 of the Annual Report and Accounts.

The Future Outlook

The outlook for the UK economy remains highly uncertain, impacted by the ongoing COVID-19 pandemic and the outcomes of Brexit. These uncertain conditions for 2021/22 can be expected to impact financial performance.

As a UK organisation, the Society has no direct exposure to the EU however the wider economic implications may have an impact.

Whilst the Society's mortgage offers remain strong, it is anticipated that the removal of Stamp Duty concessions may lead to delays in the home buying process which could lead to a higher than usual percentage of offers not reaching completion. Furthermore, rising unemployment is anticipated which can be reasonably expected to impact mortgage affordability.

As reported earlier, as a result of the COVID-19 pandemic, temporary forbearance measures have already been implemented and we continue to support our borrowers in financial difficulty, however the full extent of the impact to the Society is uncertain. The Board remains confident in the quality of the Society's underwriting however, profitability may be impacted by further impairment charges given the economic uncertainty.

The Board considers the Society to be well positioned for a potential severe economic downturn as evidenced in the stress tests carried out including falling house prices and rising unemployment levels. The Society maintains adequate levels of liquidity and capital and is able to withstand the stresses it has undertaken. Our Board remain vigilant and continue to watch for any adverse economic indicators.

Whilst there may be challenges on the horizon, the Society is well placed to continue its successful business performance and to deliver our vision 'to be the provider of choice for savings and residential mortgages whilst remaining true to our mutual values' and mission statement 'to make a difference to the lives of our Members and the local community'.

Our business model remains viable and the risks to our business are understood, well-controlled and our assets are of high quality, with low levels of arrears and substantial equity. We have more than sufficient levels of capital and liquidity to meet our objectives and our underlying profitability performance is strong.

The Board believes that a successful future outlook lies ahead.

On behalf of the Board

Angela Kos
Finance Director

31 March 2021

Charity and Community Support

Charity and Community Support

During what has been such a difficult year for so many, our focus as a community based building society has been to provide support to as many of our local charities and good causes as possible.

We would like to take this opportunity to thank each and every one of our Members and the local community for their continued support. Together we have helped make a real difference during a year when support has been so needed. The Society is a socially-aware business and our community involvement and activity has been focused on areas which are aligned with our core values. The contributions which we have made to local, deserving causes have helped them to continue their great work and support those who rely on their services. 'The North West Air Ambulance Charity' was our Member voted charity for 2020/21 and we raised funds for this extremely deserving cause throughout the year. We also sponsored and donated to numerous other charities and good causes in the local area.

During the year, we donated over £19,000 to local charitable organisations, raised over £750 for our chosen charity and gave over £31,886 to our affinity savings account partners.

So many of our employees have been touched by stories from North West Air Ambulance about the difference they have made to people's lives. Whilst we haven't been able to carry out normal bake sales and other face-to-face events, the team have come up with various innovative ideas to continue to raise money.

Ingenious ideas have ranged from our Charity Committee walking one million steps to a sponsored head shave and virtual staff quizzes and pumpkin carving challenges.

A huge thank you to all our employees and Members who have supported this amazing cause and we are looking forward to continuing our support for The North West Air Ambulance Charity over the coming year.

The North West Air Ambulance Charity – our chosen Charity of the Year

North West Air Ambulance (NWAA) takes advanced healthcare to scene; reaching, treating and transferring patients to definitive care as quickly as possible and working collaboratively with other emergency services to ensure they are transferred to the best treatment centre thus improving chances of survival and reducing the risk of long term injury. The service is funded by the generosity of the public through donations, fundraising activity, lottery membership and through NWAA's network of retail outlets, who provide vital charitable funding to keep the service flying.

We have been delighted to support NWAA throughout the year and plan to extend their time as our chosen Charity throughout 2021. Fundraising has proven somewhat difficult due to the restrictions in place for most of the past year and so we want to ensure NWAA obtain the benefit of a full year of our renowned fundraising efforts!



Members of our Charity Committee completed an enormous one million steps for North West Air Ambulance in September 2020.

Our Charity Work

Supporting Chorley Inspire Youth Zone



Pictured above: a number of talented 'Inspire' attendees show their gratitude for our continued support with their hand-drawn posters.

We were proud to continue our support of Inspire, a local charity that has touched the hearts of the entire team at Chorley.

'Inspire' is a purpose-built facility for the borough's young people aged 8-19 and up to 25 for those with disabilities. 'Inspire' provides a fun and safe environment where young people can come and enjoy themselves and the Youth Zone enables young people to raise their aspirations and confidence to create a happier and healthier generation.

During the year, Inspire adapted their services to ensure support was still available for those young people and families who needed it. When they were unable to open their doors they instead offered outreach services in local communities, virtual sessions, telephone and text support lines as well as providing free meals to any local families in need. We were delighted to be able to support this important work with financial donations throughout the year.



Supporting Inspire's 'Operation Festive Cheer'

At Christmas we collected hundreds of gifts, 50 pairs of Christmas pyjamas and goody bags filled with delicious treats to support Inspire's 'Operation Festive Cheer'. The aim of 'Operation Festive Cheer' was to ensure all local children woke up with gifts to open on Christmas morning. The team at Chorley and our Members were delighted to help and the level of support received was overwhelming.



Financial Support

As well as supporting Inspire, we also provided financial support to a number of other local good causes who were all impacted by the COVID-19 pandemic.

Firstly, we donated to Living Waters Food Bank who have seen a dramatic increase in the number of people accessing their service over recent months.

We also supported Derian House who continued to provide practical, clinical and emotional support to children throughout the pandemic.

St Catherine's Hospice saw a significant increase in the cost of Personal Protective Equipment (PPE) needed by their staff.

All of these charities were delighted to receive financial donations.



Pictured: St Catherine's Hospice and Derian House say thank you for our continued support this year. Below: Living Waters Food Bank



Affinity Accounts

The Society was delighted to give **£31,886** across our eight affinity account partners. Our affinity accounts are an example of how our Members contribute so generously to local charities and organisations.



Derian House



St Catherine's Hospice



Age UK Lancashire

Sponsorship of Local Clubs

The Society is invested in the belief that sport benefits the local community and the health and well-being of those involved. We are proud to support local grassroots clubs and during the year we continued to sponsor Chorley Cricket Club.

Pictured right: Members of Chorley Cricket Club



Recognition in the Industry



Mortgage Finance Gazette Awards

We were delighted to win the 'Later Life Lending Innovation' category at the Mortgage Finance Gazette awards which were held virtually in November 2020. We were also highly commended for our commitment to community services. We are so proud of our teams for achieving this coveted industry recognition.

Smart Money People

5* Broker Rated

Smart Money People (the UK's number 1 review and insight platform for financial services) carry out regular surveys of the mortgage broker market to understand the levels of service that brokers are experiencing when dealing with mortgage lenders across the country. We were delighted that we were awarded a 5* Broker Rating - the highest rating possible - demonstrating our commitment to providing exceptional levels of service.



Our Member Stories

Making a difference to our Members

“

Have a relaxing evening tonight with the knowledge that you changed our lives. Thank you.

”

At Chorley Building Society we love helping prospective customers as well as our existing Members with their financial decisions. Whether that is opening a new account to save for something special or taking a mortgage to buy a dream home, we are always here with a helping hand to make things as easy as possible.

Therefore we love to receive feedback from our Members and hear how we've made a difference to their lives. We were thrilled when one of our borrowers got in touch to say thank you. We were able to offer them a mortgage so that they could buy the house that they were currently renting. They had faced many difficulties during the house-buying process before arranging to meet with one of our mortgage advisors and also had encountered personal issues. However, they commented that they felt that Chorley Building Society was always on their side and had pulled out all the stops to try and help them secure their dream home. They said: "Have a relaxing evening tonight with the knowledge that you changed our lives. Thank you."

We were delighted that we were able to offer a personal service and make such a difference to our Members' lives.

We recently had a visit from one of our Savers' Members who came in to branch wanting to set up Children's savings accounts for their grandchildren. Our Customer Adviser Helen, was happy to help. Helen took the time to go through the accounts with them and provided the details and paperwork for two 'Future Savers' and two 'Regular Savers' for their grandchildren. They asked for Helen to check over the paperwork once they had completed it. This was done and the account was set up with the passbooks posted to them to use straight away.

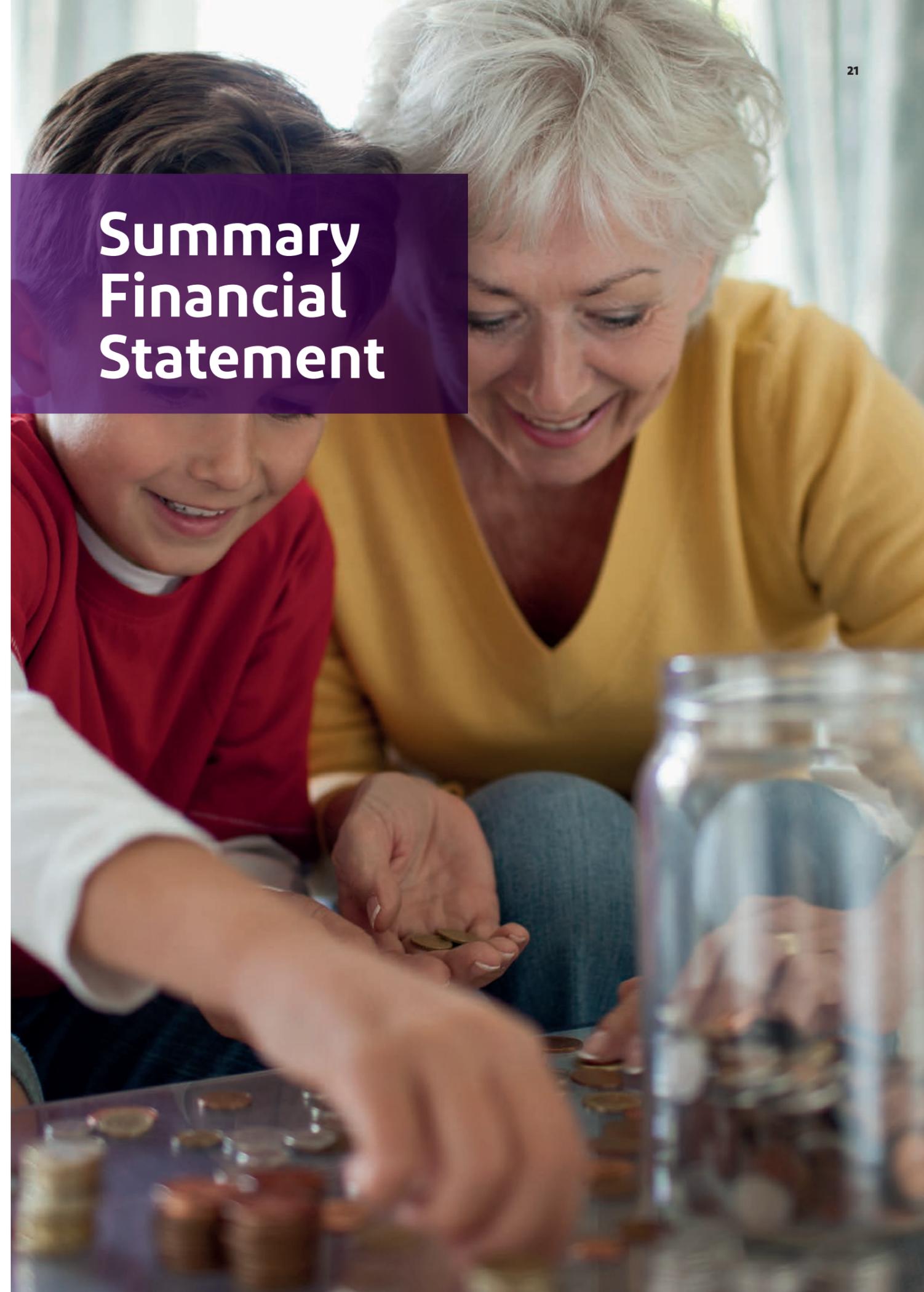
They commented: "Helen helped me open my accounts, she was lovely and the Society is so efficient."

During 2020 the Society signed up to the Smart Money People review service. Now our Members can leave feedback and a rating on our service and products. So far we have received almost 600 pieces of feedback and we have an overall review score of 4.76 out of 5 – Smart Money People categorise this as 'AMAZING.' Receiving feedback from our Members certainly makes everyone at the Society feel amazing too!

To read our reviews visit:
www.smartmoneypeople.com/Chorley-building-society-reviews



Summary Financial Statement



Summary Financial Statement

Summary Directors' Report

The Directors have pleasure in presenting the Business Review including the Summary Financial Statement for the year ended 1 February 2021.

Business Review

The Board remains unanimous in its belief that the mutual form is the most appropriate and beneficial to the interests of all existing and future Members. The Directors are pleased that the Society is reporting another successful year. A review of the Society's business performance has been incorporated into the Strategic Report on page 9.

Capital Ratios

The Society's capital ratios are detailed in the Strategic Report on page 9.

Financial Risk Management Objectives and Policies

The Society operates in a business environment that contains financial risks. To mitigate these risks, the Board has implemented a clearly defined Risk Management Framework that contains the following features:

- A risk-focused governance structure;
- Risk policy statements and risk limits;
- Risk identification, monitoring and reporting processes; and
- An effective internal control framework.

A detailed assessment of the Society's Risk Management Framework is set out in the Audit, Risk & Compliance Committee Report on page 25 of the Annual Report and Accounts.

The financial instruments used by the Society to mitigate certain risks, particularly interest rate risk, are set out in note 25 on page 48 of the Annual Report and Accounts.

This financial statement is a summary of information in the audited Annual Accounts, the Directors' Report and Annual Business Statement, all of which will be available to Members and Depositors, free of charge on demand at every branch of The Chorley and District Building Society and from its website www.chorleybs.co.uk from 15 April 2021.

Principal Risks and Uncertainties

A detailed assessment of the Society's principal risks and uncertainties is set out in the Audit, Risk & Compliance Committee Report on page 25 of the Annual Report and Accounts.

Directors

The following persons served as Directors of the Society during the year:

Non-Executive Directors

John Sandford	Chairman
Andrew Horsley	Vice Chairman
David Bagley	Non-Executive Director
Kevin Bernbaum	Non-Executive Director
Joanna Hall	Non-Executive Director
Erfana Mahmood	Senior Independent Director
Gail Teasdale	Non-Executive Director

Executive Directors

Stephen Penlington	Chief Executive
Angela Kos	Finance Director
Kimberley Roby	Customer Services Director

In accordance with the Memorandum and Rules of the Society, Andrew Horsley and Erfana Mahmood will retire at the Annual General Meeting on 26 May 2021. Kevin Bernbaum, Stephen Penlington, Kimberley Roby and John Sandford will also retire at the Annual General Meeting on 26 May 2021 and being eligible will seek re-election to the Board. In addition, Gail Teasdale, being eligible, will seek election to the Board.

Directors and Officers insurance has been put in place by the Society.

Charitable and Political Donations

During the year we made charitable donations of £19,341 (2020: £17,567) to 11 (2020: 19) local charities and community organisations. Furthermore, the Society paid £31,886 (2020: £32,659) to our affinity savings account partners during the year.

No donations were made for political purposes.

Further details on the Society's charitable giving during the year can be found in the Charity and Community Support information on pages 17-19.

Going Concern

The current economic conditions present risks and uncertainties for all businesses. The Directors have carefully considered the risks and uncertainties and the extent to which they might affect the preparation of the financial statements on a going concern basis.

The Society is required to consider three types of stresses, these are documented within the Internal Liquidity Adequacy Assessment Process (ILAAP).

The Directors have also prepared forecasts to consider the effect on the Society's business, financial position, capital and liquidity of operating under stressed, but plausible, operating conditions. A range of sensitivities has also been applied to these forecasts, including stress scenarios relating to the COVID-19 pandemic and Brexit.

The Directors consider that:

- The Society maintains an appropriate level of liquidity that is sufficient to meet the normal demands of the business and the requirements which might arise in stressed circumstances;
- The availability and quality of liquid assets is such that funds are available to repay exceptional demand from retail saver Members;
- Other assets are primarily in the form of mortgages secured on residential property. Regular assessment of the recoverability of all mortgage assets is undertaken and provisions are made where appropriate and;
- Reasonable profits have been generated in order to keep gross capital at a suitable level to meet regulatory requirements.

The Directors are satisfied that the Society has adequate resources to continue in business for the foreseeable future. For this reason, the accounts are prepared on a going concern basis.

Provision of Information to the Auditor

Each person who is a Director at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Society's Auditor is unaware and;

- Each Director has taken all the steps that they ought to have taken as a Director to be aware of any relevant audit information and to establish that the Society's Auditor is aware of that information.

Independent Auditor

The Society regularly assesses the effectiveness of the external audit process and the approach taken to the appointment and reappointment of the external Auditor. This assessment is done on an annual basis, after the completion of the year end audit. This is reported to and discussed at the Audit, Risk & Compliance Committee meeting.

Mazars LLP has expressed its willingness to continue in office as Auditor and in accordance with Section 77 of the Building Societies Act 1986, a resolution for the appointment of Mazars LLP as Auditor will be proposed at the Annual General Meeting on 26 May 2021.

On behalf of the Board

John Sandford
Chairman

31 March 2021

Summary Financial Statement for the 52-week period ended 1 February 2021

Statement of Income and Movements in Members' Interests	2021 £000	2020 £000
Net interest income	4,856	4,517
Other income and charges	24	33
Administrative expenses	(3,959)	(3,686)
Operating profit before provisions and taxation	921	864
Provisions for impairment losses	(216)	141
Profit for the year before taxation	705	1,005
Tax on profit on ordinary activities	(130)	(196)
Profit for the financial year after tax	575	809

Statement of Financial Position	2021 £000	2020 £000
Assets		
Liquid assets	57,812	50,958
Mortgages	239,999	213,153
Fixed and other assets	2,484	2,384
Total Assets	300,295	266,495
Liabilities		
Shares	265,236	235,594
Borrowings	13,638	10,016
Other liabilities	585	624
General reserves	20,836	20,261
Total Liabilities	300,295	266,495

Summary of Key Financial Ratios	2021 %	2020 %
Gross capital as a percentage of shares and borrowings	7.47	8.25
Liquid assets as a percentage of shares and borrowings	20.73	20.75
Profit for the year as a percentage of mean total assets	0.20	0.32
Management expenses as a percentage of mean total assets	1.40	1.46

Notes

The percentages shown opposite are taken from the Society's Annual Report and Accounts for the financial year ended 1 February 2021.

Gross Capital

Gross capital represents the general reserves. The gross capital ratio measures the proportion of which the Society's capital bears to the Society's liabilities to investors. The Society's capital consists of profits accumulated over many years in the form of reserves. Capital provides a financial cushion against unforeseen eventualities which might arise in the Society's business and ensures that Members are properly protected.

Liquid Assets

The liquid assets ratio measures the proportion of the Society's shares and borrowings which are held in the form of cash, short term deposits and securities which can be readily converted into cash. Liquid assets are maintained at a level which enables the Society to meet requests from investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.

Profit

The profit ratio measures the proportion which profit after taxation for the financial year bears to the average of the Society's total assets during the year. The Society needs to make a reasonable level of profit each year in order to maintain its capital ratios at an appropriate level to protect Members and to satisfy regulatory requirements.

Management Expenses

The management expenses ratio measures the proportion of the Society's administrative expenses, depreciation and amortisation to the average of the Society's total assets during the year. Administrative expenses consist mainly of the costs of employing staff, operating computer systems and other office expenses.

A copy of the Society's full Annual Report and Accounts is available to Members upon request at any Branch Office or by telephoning the Society's Secretary on 01257 235011.

Approved by the Board of Directors on 31 March 2021 and signed on its behalf by:

John Sandford
Chairman

Andrew Horsley
Vice Chairman

Stephen Penlington
Chief Executive

Independent Auditor's Statement

to the Members and Depositors of
The Chorley and District Building Society

We have examined the Summary Financial Statement of Chorley & District Building Society set out on pages 21 to 25.

Respective responsibilities of Directors and Auditor

The Directors are responsible for preparing the Business Review, containing the Summary Financial Statement, in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Business Review with the full Annual Report and Accounts, Annual Business Statement and Directors' Report and its conformity with the relevant requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

Basis of opinion

Our examination of the Summary Financial Statement consisted primarily of:

- Agreeing the amounts included in the Summary Financial Statement to the corresponding items within the full Annual Report and Accounts, Annual Business Statement and Directors' Report of the Society for the period ended 1 February 2021;
- Checking that the format and content of the Summary Financial Statement is consistent with the requirements of section 76 of the Building Societies Act 1986 and regulations made under it and;
- Considering whether information has been omitted which although not specifically prescribed by section 76 of the Building Societies Act 1986 and regulations made under it, in our opinion, is necessary to ensure consistency with the full Annual Accounts, the Annual Business Statement and Directors' Report of the Society for the period ended 1 February 2021.

We also read the other information contained in the Business Review and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement. Our report on the Society's full Annual Report and Accounts describes the basis of our opinions on those Annual Accounts, the Annual Business Statement and Directors' Report.



Opinion on Summary Financial Statement

In our opinion the Summary Financial Statement is consistent with the full Annual Report and Accounts, the Annual Business Statement and Directors' Report of Chorley & District Building Society for the period ended 1 February 2021 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

Use of the statement

This statement is made solely to the Society's Members as a body in accordance with section 76(5) of the Building Societies Act 1986. Our audit work has been undertaken so that we might state to the Society's Members and Depositors those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's Members and Depositors as a body for our audit work, for this statement, or for the opinions we have formed.

Mazars LLP Statutory Auditor

One St Peter's Square
Manchester
M2 3DE

31 March 2021

Directors' Remuneration Report

This report informs Members of the Society about the remuneration of Non-Executive Directors and Executive Directors. It provides details of Directors' remuneration and explains the basis of its calculation.

Further details are available under our separate Pillar 3 Disclosure Document which is available on the Society's website at www.chorleybs.co.uk

Remuneration is delegated to the Nominations & Remuneration Committee, which reports to the full Board.

The Procedure for Determining Remuneration

The Nominations & Remuneration Committee is a Board Sub-Committee that forms part of the Society's Corporate Governance Framework. The Committee operates within the Terms of Reference agreed by the Board which are reviewed annually. The Committee comprises three Non-Executive Directors. The Chief Executive attends by invitation but takes no part in the discussion regarding his own remuneration. The Head of Risk provides an Independent Report on Remuneration to the Nominations & Remuneration Committee regarding pay awards. The Committee reviews Non-Executive Directors and Executive Directors' remuneration annually, taking into consideration data from comparable organisations and from the market within which the Society operates.

Minutes of all Committee meetings are distributed to all Board members and the Chairman of the Committee reports to the Board at the Board meeting following every Committee meeting.

The Society has adopted a simple remuneration structure which is appropriate to its business and is efficient and cost effective in promoting its long-term strategy. Transparent salary, other benefits and pension contributions are supplemented by a modest and straight-forward bonus scheme that promotes continued involvement in the Society's ongoing success.

The Remuneration Policy does not include significant performance related variable remuneration. The Society does not offer guaranteed variable remuneration, share options, or medium or long-term incentive schemes. The Society does not offer variable remuneration, commission, retention awards or cash payments in excess of a set percentage of overall basic salary.

This is considered an important element of risk management so that variable remuneration does not form a significant element of total remuneration and so avoids incentivising behaviour inconsistent with the proper management and control of risk.

The Nominations & Remuneration Committee will consider the maximum to be paid in terms of variable remuneration on an annual basis.

The Policy for Remuneration

Non-Executive Directors' Remuneration

The Society's remuneration policy is to reward Directors through fees according to the time commitment and their expertise, experience and overall contribution to the successful performance of the Society.

Executive Directors' Remuneration

The Society's remuneration policy is to set remuneration levels which will attract and retain Executive Directors and to set rewards that reflect responsibilities, time commitment and overall contribution to the successful performance of the Society.

Contractual Terms

Non-Executive Directors have contracts for services and are appointed for an initial term of three years.

The Chief Executive is employed on a contract of employment that may be terminated by either party giving twelve months' notice.

The Finance Director and Customer Services Director are employed on a contract of employment that may be terminated by either party giving six months' notice.

Directors' Remuneration

Total remuneration of the Society's Directors is shown in the tables below.

Non-Executive Directors

	2021 £000	2020 £000
John Sandford (Chairman)	28	28
Andrew Horsley (Vice Chairman)	23	24
David Bagley	19	20
Kevin Bernbaum	21	22
Joanna Hall	20	14
Erfana Mahmood	19	19
Gail Teasdale*	6	-
Total	136	127

* from 1 October 2020

Executive Directors

2021	Salary £000	Pension Contributions £000	Bonus £000	Benefits £000	Total £000
Stephen Penlington	151	21	21	1	194
Angela Kos	114	11	15	1	141
Kimberley Roby	90	8	11	1	110
Total	355	40	47	3	445

2020	Salary £000	Pension Contributions £000	Bonus £000	Benefits £000	Total £000
Stephen Penlington	146	21	13	1	181
Angela Kos	111	10	10	1	132
Kimberley Roby	80	9	7	1	97
Total	337	40	30	3	410

Our Directors



John Sandford BA, MA, FCA
Chairman

John joined the Board in June 2014. He previously worked for KPMG for 33 years, the last 21 as an Audit Partner/Director, leaving KPMG at the end of 2010. At KPMG John headed up the Co-operative Centre of Excellence and is totally committed to a strong mutual sector in which he believes the Chorley has an important part to play. John has been Chairman of the Society since September 2016 having previously been Chairman of the Audit, Risk & Compliance Committee. John is married to Judith and has two adult children. His interests include trying to reduce his golf handicap and he is a qualified cricket coach.



Stephen Penlington BSc, MBA
Chief Executive

Stephen joined the Society in 2006 as Chief Executive. He has a wealth of experience in financial services and has been in the building society movement ever since graduating from the University College of Wales in 1980 with a BSc Economics Honours degree. Stephen is Chair of the Assets & Liabilities Committee and Risk & Compliance Committee. A committed family man, he is an avid reader, loves music, keep-fit and is a rugby enthusiast. Stephen lives in Chorley and is a trustee of the Chorley Pals, Chorley Constituency (2015) Charitable Trust and Chorley Remembers Charities and a Non-Executive Director at Magenta Living.



Andrew Horsley MCSI, FCIS
Vice Chairman & Chair of Nominations & Remuneration Committee

Andrew joined the Board in December 2011. He is a Fellow of the Institute of Chartered Secretaries with over 30 years' experience, most of it in the financial services sector. He is Company Secretary and Head of Compliance for a mutual insurer. Andrew is originally from Derbyshire. He is a Chartered Member of the Institute for Securities & Investment and a Member of the Association of Financial Mutuals Legislation Committee. Andrew is also a member of the Audit, Risk & Compliance Committee.



Kevin Bernbaum BSc, MBA
Chair of Audit, Risk & Compliance Committee

Kevin joined the Board in June 2014. Kevin holds a degree in Accounting and Financial Analysis and an MBA (Finance). He has over 35 years' experience working within the banking and building society sector specialising in treasury, risk and balance sheet management. Having been brought up in Leicester, Kevin now lives in London and he has three grown-up children.



Erfana Mahmood LLB (Hons)
Senior Independent Director

Erfana joined the Board in October 2011. Erfana is a qualified senior solicitor who has worked in the property lending sector for over 16 years and also has public sector housing experience. Erfana is a member of the Nominations & Remuneration Committee and is the Society's Whistleblowing Champion. In her spare time, Erfana enjoys travelling and walking.



David Bagley FCA
Non-Executive Director

David joined the Board in July 2016. He is a graduate of Lancaster University and a Fellow of the Institute of Chartered Accountants in England & Wales. David has spent his career in professional services and finance, specialising in corporate finance, commercial and investment banking and private equity. David is married with two daughters and lives in Sheffield. He and his wife are active supporters of Guide Dogs where, for 10 years, David was a trustee and board member. David is also a member of the Audit, Risk & Compliance Committee.



Angela Kos FCCA, MSc, FCMI
Finance Director

Angela joined the Society in 1999 and was appointed to the Board in April 2013 as Finance Director. She is a Fellow of the Association of Chartered Certified Accountants and graduated from Loughborough University in 2018 with an MSc degree in Leadership and Management. Angela has since become a Fellow of the Chartered Management Institute. Angela has over 21 years' experience working in financial management at the Society and is also responsible for the Society's Secretarial, HR, Training, Facilities and Health & Safety functions. Angela is a member of the Assets & Liabilities Committee, Risk & Compliance Committee and Mortgage Credit Risk Committee. Angela was born in Chorley and lives in Adlington with her husband and three children.



Kimberley Roby BA (Hons), MSc
Customer Services Director

Kimberley joined the Society in 2006 and was appointed to the Board in September 2017 as Customer Services Director. She has responsibility for the Society's Marketing, Product, Mortgage, Savings, Business Development and IT operations. Kimberley is Chair of the Mortgage Credit Risk Committee and a member of the Assets & Liabilities Committee, Risk & Compliance Committee and Charity Committee. As a member of the Society's Charity Committee, Kimberley plays a key part in organising numerous charity events during the year, ensuring the Society supports the local community as much as possible. She is passionate about mutuality and putting our Members at the heart of everything we do. Kimberley has a degree in Business Studies as well as a master's degree in Leadership and Management from Loughborough University. She lives in Coppull Moor with her husband and three young children.



Joanna Hall CIM
Non-Executive Director

Joanna joined the Board in June 2019. Joanna is a member of the Nominations & Remunerations Committee. She is Chartered Institute of Marketing qualified and digital marketing certified with over 30 years' experience in financial services. Joanna's passion is to help companies get closer to their customers, demonstrate their values and make it easier for them to do business. She is also a Member Trustee Director for AON's Retirement Plan. Previous industry roles include AXA Health, Fidelity and eValue. She has also worked for a number of consulting firms, including KPMG, EY, Bacon & Woodrow (now Deloitte) and Tillinghast Towers Perrin (now Willis Towers Watson). Joanna was born and grew up in the North West and now resides in Kent with her husband, two children and dog.



Gail Teasdale ACA
Non-Executive Director

Gail was co-opted to the Board in October 2020. She is a member of the Institute of Chartered Accountants England & Wales having qualified in 1993. She has held various Finance Director roles in a variety of industries before becoming the Chief Executive of Broadacres in January 2018. Broadacres is a housing association owning 6,500 homes across North Yorkshire. Gail is also a member of the Audit, Risk & Compliance Committee. Gail was born in Bradford and now lives near Harrogate with her husband and dog. In her spare time she loves walking and running.

Notice of Annual General Meeting

Notice is given that the 162nd ANNUAL GENERAL MEETING of The Chorley and District Building Society will be electronically held on Wednesday 26 May 2021 from The Chorley and District Building Society, Head Office, Key House, Foxhole Road, Chorley, Lancashire PR7 1NZ at 18:00 p.m. for the following purposes:-

Ordinary resolutions

1. To receive the Auditor's Report.
2. To receive the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 1 February 2021.
3. To consider and, if thought fit, approve the Directors' Remuneration Report for the year ended 1 February 2021.
4. To consider and, if thought fit, appoint Mazars LLP as Auditor.

Special resolutions

5. To consider and, if thought fit, pass the following resolution as a Special Resolution:
 'That the Memorandum of the Society be amended in the manner specified in the document produced for the meeting and electronically signed by the Chairman for the purposes of identification'.

Election and re-election of directors

6. To consider, and if thought fit, re-elect John Philip Sandford as Director.
7. To consider, and if thought fit, re-elect Kevin Barry Bernbaum as Director.
8. To consider, and if thought fit, re-elect Stephen Penlington as Director.
9. To consider, and if thought fit, re-elect Kimberley Emma Roby as Director.
10. To consider, and if thought fit, elect Gail Louise Teasdale as Director.

By order of the Board

Angela Kos FCCA, MSc, FCMI
Secretary

31 March 2021

Voting Conditions

1. These notes form part of the Notice of Meeting.
2. A Member entitled to attend the Meeting and vote may appoint one proxy to attend and vote on his or her behalf. You may appoint the Chairman of the Meeting or anyone else as your proxy and your proxy does not have to be a Member of the Society. Your proxy may vote for you at the Meeting but only on a poll. A poll is a formal vote which may take place after an initial vote by a show of hands. Please note that as the AGM is having to be held as a closed meeting as a result of the COVID-19 pandemic, if you appoint any person other than the Chairman of the Meeting as your proxy they will unfortunately not be able to attend and you will instead be treated as having appointed the Chairman of the Meeting to ensure that your vote is counted.
3. You may instruct your proxy how to vote at the Meeting. Please read the instructions on the proxy form.
4. The voting date for those employee Members who will attend the Meeting in person in order to meet the legal quorum requirements is the date of the meeting which is 26 May 2021. For all other Members who are required to vote by proxy, the voting date is 19 May 2021.
5. In order to attend and vote at the Meeting, or appoint a proxy, you must qualify as either a **shareholding Member** or a **borrowing Member**.

Shareholding Members

- a) **To qualify as a shareholding Member, you must:**
 - i. If you are an individual, be at least 18 years of age on 26 May 2021; and
 - ii. have held shares to the value of not less than £100 in the Society on 1 February 2021; and
 - iii. Not have ceased to hold a share or shares in the Society at any time between 1 February 2021 and the voting date; and
 - iv. Hold a share or shares in the Society on the voting date.
- b) Where the shares are held jointly by two or more persons, only the first named in the records of the Society in respect of those shares can have any voting rights.

Borrowing Members

- a) **To qualify as a borrowing Member, you must:**
 - i. Be at least 18 years of age on 26 May 2021; and
 - ii. **have** owed the Society not less than £100 in respect of a mortgage debt on 1 February 2021; and
 - iii. Owe the Society not less than £100 in respect of a mortgage debt on the voting date.
- b) **Where a mortgage debt is owed jointly by two or more persons, only the first named in the records of the Society in respect of that mortgage can have any voting rights.**
6. In addition, **you can vote only once** as a Member irrespective of:
 - a) The number of accounts you hold and whether you hold accounts in different capacities (for example, on your own behalf and as a trustee); and
 - b) Whether you qualify to vote as both a **shareholding Member** and a **borrowing Member**.

Rule changes

Resolution 5 (proposed amendments to the Memorandum and Rules of the Society) is a Special Resolution. The amendments to the Society's Memorandum and Rules (the Rules) are shown below, together with an explanation of the reasons for the proposed amendments. The proposed additions are shown in italics and underlined, with the deletions shown crossed out. You can view the full version of the Society's current Rules on our website at www.chorleybs.co.uk/about-the-society/. If our Members pass the Special Resolution, the Rules will be updated after the AGM.

What are we proposing to change?

The Society's Rules are our main constitutional document and set out the principles and basis on which the Society is governed including how Members' meetings are held.

We are proposing to update the Rules:

- to allow Members' meetings to be held electronically and/or in more than one physical location;
- to clarify the procedures for adjourned meetings;
- to clarify the quorum requirements for adjourned meetings;
- to improve the requirements regarding giving notice of meetings in the event of disruption to postal services; and
- to reflect the requirements of The Mental Health (Discrimination) Act 2013

There are also some re-numbering and minor typographical changes to make to the rules.

Why are we proposing to change the rules on how Members' meetings are held?

The COVID-19 pandemic and subsequent lockdown restrictions made the holding of Annual General Meetings in 2020 challenging. The last minute closure of meeting venues, rules around social distancing and movement restrictions meant that participation was severely limited. There is a clear Member benefit in updating the Rules to allow Member meetings to be held electronically or at more than one venue (or by a combination of both physical attendance and using an electronic platform), so that all Members who wish to do so can fully participate in the meeting whilst helping to make sure that we keep our Members and employees safe. We're proposing to update the rules to allow the Board to arrange for Members to attend a meeting at

one or more venues and/or using an electronic platform if the Board decides it would be safe and appropriate.

Why are we proposing rules relating to adjourned meetings?

The COVID-19 disruptions last year also focused our attention on the procedures in the event meetings are disrupted and need to be adjourned. We are proposing rules to clarify the procedure. This includes the notice requirements to inform Members of the time, venue and date of the new meeting.

Why are we proposing to change the rules regarding quorum at adjourned meetings?

We are proposing to clarify the rules regarding quorum at adjourned meetings, by stating that there must be at least two Members present at the meeting.

Why are we proposing to change the rules regarding the removal of directors?

We are proposing to amend the rules regarding the removal of directors to reflect the requirements of The Mental Health (Discrimination) Act 2013.

Why are we proposing to change the rules regarding disruption to the postal service?

We are proposing to strengthen the rules regarding when notice is deemed to have been given to Members in the event of disruption to the postal service. Measures include ensuring notice is published on the Society's website in addition to either prominently displaying the notice at the Society's head office and branches or publishing the notice in two leading newspapers.

Proposed rule changes

To allow meetings to be held electronically and/or at more than one physical location.

To add new definitions in alphabetical order in the Interpretation section (Rule 1(a)) as follows:

"Electronic Platform" means such electronic and/or telecommunications facilities as may be approved by the Board from time to time that enable Members to attend and participate simultaneously in a general meeting without attending a physical meeting place;

"Secondary Meeting Place" means a secondary physical meeting place (or more than one such place) for a general meeting at which Members may attend and participate in the general meeting simultaneously via an audiovisual link to the principal physical meeting place,

as an alternative to attending the principal physical meeting place;

Insert a new Rule 32 as follows:

32. MEANS OF PARTICIPATION IN MEETINGS

(1) The Board may make arrangements for Members to attend and participate in Annual General Meetings and/or special general meetings by:

(a) attendance at a physical meeting place;

(b) simultaneous attendance and participation at a Secondary Meeting Place; and/or

(c) using an Electronic Platform.

(2) An Annual General Meeting and/or a special general meeting may be held:

(a) solely as a physical meeting; or

(b) subject to the Statutes, by offering Members the option to attend and participate at a physical meeting place (which may include a Secondary Meeting Place) or by using an Electronic Platform; or

(c) subject to the Statutes, solely as an electronic meeting accessible by using an Electronic Platform.

(3) A Member is present at an Annual General Meeting or special general meeting for the purposes of these Rules if:

(a) being an individual, he attends in person;

(b) being a body corporate, a Corporate Representative attends in that capacity in person; or

(c) a person appointed as his or its proxy or attorney (or any person specified in paragraph (7) of Rule 38) attends in person, including in each case, where permitted by the Board in accordance with these Rules, attendance at any Secondary Meeting place or by using an Electronic Platform.

(4) Where the Board decides that Members may attend and participate in an Annual General Meeting or a special general meeting by using an Electronic Platform, the notice of meeting given under Rule 33 shall set out details of the Electronic Platform for the meeting (and any access arrangements for such Electronic Platform shall be communicated to Members, either in the notice or otherwise).

(5) Details of any physical meeting place, Secondary Meeting Place and/or Electronic Platform that shall be stated in a notice of meeting given under Rule 33 shall constitute the place of such meeting.

(6) Arrangements shall be made for any documents which are required to be made available for inspection by Members at an Annual General Meeting or a special

general meeting to be available for inspection at any Secondary Meeting Place (in addition to the principal physical meeting place) and by any Members who attend and participate in the meeting by using an Electronic Platform.

(7) Any persons wishing to attend an Annual General Meeting or a special general meeting (whether at any principal physical meeting place or any Secondary Meeting Place, or by using an Electronic Platform) shall be required to comply with any identification procedures and security arrangements as the Board shall reasonably specify from time to time.

To amend existing Rule 32(9) (now Rule 33(9)) as follows:

(9) The *Neither:*

(a) the accidental omission to give, send or deliver a notice of meeting to, or

any Person entitled to receive it; nor

(b) the non-receipt of a notice of meeting by, any Person entitled to receive

notice shall not it; nor

(c) subject to compliance by the Society with applicable laws, the inability of any Person entitled to attend a general meeting to attend any physical meeting place (including any Secondary Meeting Place) and/or participate in the business of the meeting by using an Electronic Platform (whether as a result of any technical difficulties in relation to such Electronic Platform or otherwise), shall invalidate the proceedings at that meeting.

To bring the Rules in line with the Mental Health (Discrimination) Act 2013

To amend existing Rule 24(g)(ii) by deleting the existing text and inserting:

a registered medical practitioner who is treating that person gives a written opinion to the Society stating that he has become physically or mentally incapable of acting as a Director and may remain so for more than three months.

To clarify the rules relating to quorum at meetings

To amend existing Rule 34(1) (now Rule 35(1)) as follows:

(1) No business shall be considered at any Annual General Meeting or special general meeting unless a quorum is present at the time when the meeting proceeds to business and, *subject to Rule 35(3) below in the case of an adjourned meeting*, a quorum shall be constituted for all purposes as follows -

(a) except where sub-paragraph (b) below applies, by (x) Members present and entitled to vote on a show of hands under Rule 36 38(5); *and*

(b) in the case of a special general meeting requisitioned under Rule 31(3), by (y) Members present and entitled to vote on a show of hands under Rule 36 38(5).

To amend existing Rule 34(3) (now Rule 35(3)) as follows:

(3) ~~The Members present at~~ At an adjourned meeting, two Members present and entitled to vote on a show of hands under paragraph (1) above ~~to be included in the quorum for the meeting~~ Rule 38(5) shall constitute a sufficient quorum.

To amend existing Rule 35 (now Rule 36) by deleting Rules 35(2) to 35(4), renumbering the remaining paragraphs of Rule 35 (now Rule 36) and making the following amendments to Rules 35(5) and 35(6) (now Rules 36(2) and 36(3)):

(5) (2) Subject to the Statutes and these Rules every question submitted to an Annual General Meeting or special general meeting shall be decided by a simple majority and such votes shall be taken in the first instance by a show of hands unless, before the show of hands., a poll is validly demanded under Rule 36(3).

(6) (3) A poll may (before or on the declaration of the result of the show of hands) be demanded by –

(a) the Chairman of the meeting, or

(b) 10 Members who are entitled to vote at the meeting and are present in person, by proxy, by attorney, by Corporate Representative representative or by a Person specified in Rule 3638(7),

and the in the event of such a demand, a poll shall be taken in accordance with paragraph (107) of this Rule, but no poll shall be permitted upon a resolution to appoint a Chairman.

To clarify the procedures for adjourned meetings

To insert a new Rule 37 as follows:

37. ADJOURNED MEETINGS

(1) The Chairman of the meeting may, notwithstanding the presence of a quorum (and shall, if so directed by a resolution of the meeting), adjourn the meeting from time to time and from place to place but, except as provided in Rule 36(7), no business shall be transacted at any adjourned meeting other than the business left unfinished or not reached at the meeting from which the adjournment took place.

(2) Every adjourned meeting shall be deemed a continuation of the original meeting but any resolution passed at an adjourned meeting shall for all purposes

be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

(3) When a meeting is adjourned for 30 days or more, a notice specifying the hour, date and place of the adjourned meeting shall be given to Members as provided in Rule 33(3). The notice shall also state that -

(a) a Member entitled to attend and vote may appoint one proxy to attend and, on a poll, vote at the meeting instead of him, and

(b) the proxy need not be a Member of the Society, and

(c) the Member may direct the proxy how to vote at the meeting.

Where a meeting is adjourned for less than 30 days, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at such an adjourned meeting.

(4) The appointment of a proxy made in accordance with Rule 39 shall, unless provided otherwise in the instrument appointing such proxy, be valid for any adjournment of the meeting. Nothing in this paragraph (4) shall prevent a Member from submitting a new instrument appointing a proxy in relation to the adjourned meeting, which shall take precedence over any earlier instrument, or from attending the adjourned meeting in person if the Member wishes to do so.

(5) The adjournment of a meeting shall not affect the validity of the business that was concluded at the meeting from which the adjournment took place, prior to the adjournment of such meeting.

To amend existing Rule 39(10) (now Rule 41(10)) as follows:

(10) The Board shall announce the result of the postal ballot by -

(a) an advertisement in at least one national daily newspaper, and a notice published on the Society's website; and

To amend the rules regarding disruption to postal services

To amend existing Rule 47(4) (now Rule 49(4)) as follows:

(4) If, by reason of the suspension or curtailment of postal services, the Society is unable to give notice by post in hard copy form of a meeting, then such notice shall be deemed to have been given to all Members entitled to receive such notice in hard copy form if the Society complies with paragraph 35 of Schedule 2 to the Act and notice is published on the Society's website and is advertised either:

(a) by a notice displayed in a prominent position at the Society's Principal Office and at all branch offices; or

(b) in at least two leading daily newspapers widely circulated in the United Kingdom.

Such notice shall be deemed to have been duly served on all Members entitled to receive notice of such meeting at noon on the day earlier of the date on which the notice is first displayed at all branch offices in accordance with paragraph (a) and the date on which the second of such newspaper advertisements appears. In any such case the Society shall: (a) make such in accordance with paragraph (b) (as the case may be). The notice shall continue to be available on an appropriate the Society's website of the Society from the date of such advertisement until the conclusion of the meeting; and (b) the Society shall send confirmatory copies of the notice to those Members entitled to receive notice of the meeting by post in hard copy form if, at least seven days before the meeting, the posting of notices to addresses throughout the United Kingdom again becomes practicable.

Re-numbering and minor typographical changes to the Rules

As a result of inserting a new Rule 32 and new Rule 37 as above, all subsequent rule numbers (and any rules which reference Rule 32 and Rule 37 or subsequent rules, including any relevant references to rule numbers in the Interpretation section of the rules) will be amended and updated to reflect revised rule numbers.

In addition, the following minor typographical changes will be made:

The definition of "Regulator" will be amended by replacing Financial Services Authority with Financial Conduct Authority.

In Rule 1 (Interpretation):

- The definition of "Regulator" will be amended as follows: "Regulator means the Financial Conduct Authority or any successor or successors established by the Statutes ~~the relevant body established under the Financial Services and Markets Act 2000~~".

- The word "and" will be added to the end of (ii) of the definition of "Special Resolution".

- The words "and any" will be deleted from the definition of "Statutes" and the words "Any reference in these Rules to the provisions of any particular statute shall be construed as if these Rules were an enactment to which section 17(2) of the Interpretation Act 1978 applies" will be moved from the definition of "Statutes" to form a new Rule 1(b). Rules 1(b) through to 1(g) will be re-numbered to Rules 1(c) to 1(h) to take account of the addition of the new Rule 1(b).

- The word "or" will be added at the end of paragraph (d)(ii) (now (e)(ii)).

At Rule 24(i) replace "IV" with "4A"

At Rule 36(5) (now Rule 38(5)) the words "or by a representative" will be deleted.

At Rule 37(3) (now Rule 39(3)) the words "or by a representative" will be deleted.

Chorley and District Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Registered on the Financial Services Register under number 206023



Notes

A series of horizontal lines for writing notes, spanning the width of the page below the 'Notes' header.



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