

Working together for a better tomorrow.



Business Review including the Summary Financial Statement

For the year ended 6 February 2023 and
notice of the 164th Annual General Meeting

**Chorley
Building
Society**

TRUSTED SINCE 1859



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A Message from our Chief Executive



“Despite extraordinary global events and challenging economic and political events in the UK during the year, I am pleased to report that your Society has delivered a very strong all-round business performance.”

The Society has delivered growth in its savings balances, mortgage assets, underlying net profitability and reserves. Our gross mortgage lending for the year was the highest in the history of the Society and our net underlying profitability and reserves also reached a record high.

A summary of the key financial performance indicators is detailed in the Summary Financial Statements on page 13 with full details provided in our Annual Report and Accounts, available on our website or by request from our Head Office.

We pride ourselves on the quality of our customer service and I am delighted to advise that, this year, the Society was not only highly commended in a number of prestigious industry awards but also achieved the accolade of “Best Building Society” at the prestigious MoneyAge awards. In addition, Smart Money People, the UK’s largest independent financial services review website, recently awarded the Society another five-star rating based on feedback from the mortgage intermediary community.

As a local community Building Society, I am delighted with the support we continue to provide to local good causes. Our ‘Chorley High Five’ initiative donates a minimum of 5% of operating profits each year to support great causes within our community of Lancashire. You can see tangible results of our ‘High Five’ initiative on pages 6 to 10 of this Business Review.

Looking forward, I am confident that our mutual business model and focus on delivering long term member value will enable the Society to continue making 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 and continued loyalty and our amazing team for their impressive performance and continued commitment and dedication to the Society.

Stephen Penlington
Chief Executive

29 March 2023

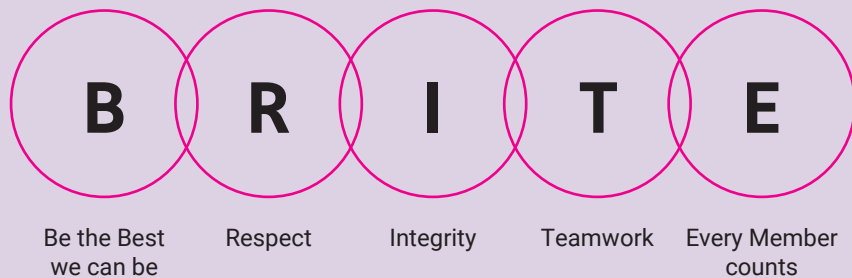
Our Vision

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



Our Highlights



Total assets increased by
7.1%
(2022: 3.8%)



Mortgage balances increased by
3.2%
(2022: 7.8%)

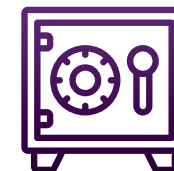


Savings balances increased by
7.5%
(2022: 1.3%)

Ambassador at
Inspire, Chorley Youth Zone



Net profit
£1.22m
(2022: £1.18m)



Capital increased to
£23.2m
(2022: £22.0m)



Donated
£59.7k
to local charities and
community groups

Charity and Community Support

During 2022 the Society was pleased to continue its commitment to donate a minimum of 5% of operating profits to local charities and community groups.

These groups have often struggled to raise significant donations and with the current economic climate, 2022 proved to be yet another challenging year for so many of them.

In total we donated £59,741 to many good causes, which we know does make a difference to the lives of so many in our community.

We would like to say a huge thank you to all of our Members and colleagues who have continued to support charities and communities throughout the North-West.

Chorley High Five

In 2022, our Chorley High Five initiative awarded £9,724 to community groups and charities in Lancashire.

Throughout the year we have invited organisations to apply for donations. We ask that they align with our aims of:

- > Supporting Member and community wellbeing
- > Tackling poverty and homelessness
- > Supporting grassroots sporting activities

Our charity committee meet as frequently as needed to review the applications and award the donations.

Here are just a few examples of the organisations we have helped.



**For you.
For your community.**

£500 for Rossendale Hospice

Rossendale Hospice provides care and support to those living with a life limiting condition in Rossendale, Lancashire. The Hospice also offers a wellbeing service to provide a happy and sociable environment where patients can relax in comfort with the support of nursing staff and other patients going through similar experiences. As a charity the Hospice need to raise over 75% of the £1,000,000 running costs themselves and we were delighted to contribute £500, which provided for four night sits for patients at the end of their life.



£300 to Chorley Amateur Dramatic & Operatic Society

This not for profit society have owned and operated Chorley (Little) Theatre for over 60 years, staging their own shows with local talent and bringing touring shows, music, films and event cinema to Chorley with all profits going back towards the upkeep of the venue (built in 1910) and future events. Our donation of £300 was used towards installing a cinema and covering film-screening costs in order to provide more events that tackle social isolation and loneliness, and encourage people to get out more.

£500 to Chorley Fundraising Group for Guide Dogs

The whole team were very pleased to welcome a couple of four-legged VIPs to our Key House branch. Our £500 donation to the charity provided four starter kits for new guide dog owners, containing everything they need to begin a life with their new guide dog.



£250 to Lancashire Women

Lancashire Women support an average of 5000 women a year to live safer, happier and more positive lives. The charity offers help with emergency provisions and support, lifeskills, debt, employment and money advice. They also provide a justice and safety team who work with women in the justice system or women who might face homelessness or domestic abuse. Our donation of £250 went towards transforming the outdoor space at the Accrington Community Hub making it a positive space for women to grow, flourish and embrace nature.



Supporting Financial Education in our Community

We recently sponsored Wize-up Financial Education to deliver informative and engaging sessions to high school pupils.

The sessions were tailored to the different groups and included topics such as debt, credit scoring, savings and pensions.

The students commented that they thought the sessions were really interesting and that it definitely gave them something to think about.



A proud Ambassador of Inspire, Chorley Youth Zone

For the last four years we have been proud to support Inspire, Chorley Youth Zone, a charity that has 'inspired' many of the employees at the Society. Inspire is a purpose-built facility for the borough's young people aged 8-19 (and up to 25 for those with disabilities). They provide a fun and safe environment where young people can come and enjoy themselves.

In 2022, we increased the amount of financial support that we provide to Inspire to £15,000 as we know how difficult times are, not just in terms of charities being able to fundraise, but also the difficulties being faced by young people in Chorley. Our funding has continued to support Inspire's 'Learning Kitchen,' which helps to provide young people with key life skills that will help them thrive at home and in school.

This year we helped Inspire kick off their Nation's Favourite – Slow-Cooker recipe campaign. This involved us asking colleagues and Members for their favourite slow-cooker recipe and then putting it to the vote! We provided Inspire with the ingredients and the young people cooked a delicious pulled-pork meal and delivered this to Chorley Help the Homeless.

At Christmas, colleagues and Members kindly donated huge amounts of toiletries and gift sets to provide Christmas presents to those who may not otherwise have received a gift. The Society also donated 500 chocolate selection boxes and 50 pairs of Christmas pyjamas to provide that little extra seasonal cheer.

Derian House – our chosen Charity of the Year



Derian House Children's Hospice looks after more than 450 seriously ill babies, children and young people from across the North West. The charity has been offering families a home from home for almost 30 years and helps them to make the very most of the time they have, creating precious memories to last a lifetime. Their ethos is to make sure that every child and young person who goes to Derian is able to make the very most of the time they have.

Throughout the year our colleagues have taken on many fundraising activities from raffles and sweepstakes to being locked up in jail for a fictional crime! Our teams always come up with imaginative ways to raise money!

For 2023, our Members have chosen Chorley Fundraising Group for Guide Dogs

A guide dog's lifetime cost is £56,000 and sadly people can be on the waiting list for over two years, until there is a perfect match. This local group raise money to support children from birth and their families.

Guide dogs are there to help someone live the life they choose, creating exceptional partnerships between people, dogs and community. The whole team at the Society are really excited to come up with new fundraising ideas to raise money for this very worthy cause.



Affinity Accounts

The Society was delighted to give £33,999 across eight affinity account partners. These accounts are a great example of how our Members contribute so generously to local charities and organisations.



Derian House



St Catherine's Hospice



Age UK Lancashire



Galloways



Rosemere Cancer Foundation



Age Concern



Chorley FC



North West Air Ambulance Charity

A Day in the Life of... Linda Doyle

Lending Procedure & Governance Manager



"I am responsible for the procedures, processes and policies for the Society's Mortgage Lending Department, to make sure that we deliver good outcomes for our mortgage Members and deliver an efficient and professional advisory, underwriting and administrative service."

I have a key role to play when the Society implements mortgage related projects – investigating the scope, scale and impact of the project and engaging with other departments.

My Typical Day

I don't think I have a typical day!! I work both at Key House and from my home in Liverpool – I get some real benefits working from home, particularly if I have a detailed piece of work to focus on, but I equally enjoy and benefit from a visit to Head Office to undertake planning sessions with colleagues or to deliver face to face events to the mortgage team. It also gives me the opportunity to meet and catch up with the wider team.

I can be working on a variety of projects at any given time and I will also support the operation of the department by getting involved in resolving queries from the team, mortgage customers, solicitors and mortgage brokers as well as dealing with operational issues that might arise in respect of underwriting or processing mortgage transactions on a day to day basis.

I work with mortgage underwriters, mortgage advisors and the mortgage administration team closely so I have a good understanding of what they do which really helps me understand what opportunities there are to make improvements or changes to the processes that they follow.

I also work closely with colleagues across the business – a lot of what I do involves systems so I work with IT on a regular basis and I have also collaborated with Finance, Products, Compliance and Marketing on a number of key projects over the last three years.

My Background

I have worked in financial services for forty years – I have worked for both a bank and two building societies and I have been a financial advisor, mortgage advisor, branch manager as well as working in a number of support function roles across training, regulatory supervision and first line assurance. My current role allows me to use a huge number of skills and experience that I have gained across the last four decades!

What I enjoy the most...

One aspect of my role that I particularly enjoy is delivering solutions that improve the use of technology, for both our Members and the Brokers who do business with the Society.

My first project of this type was to deliver the online broker application process which we implemented just prior to the first lockdown in February 2020 – this proved invaluable as we were able to continue to accept mortgage business at a very challenging time.

I am constantly reviewing our lending criteria and how borrowers and Brokers do business with the Society to ensure that the service we offer, the technology we use and the way in which we do business delivers a great borrower and intermediary experience.

Member Journeys

Kay O'Shaughnessy

My first mortgage with Chorley Building Society was taken out in June 2020.

I don't live too far from Chorley and friends and family had recommended them. At the time I was concerned that I wouldn't be considered, as I was 57, but I was pleased to find that Chorley actually specialise in mortgages for an older borrower and my age was not an issue at all.

My adviser Sue, was great. She listened to my personal circumstances carefully and advised that I take out a fixed rate mortgage, as I wanted to make sure that my payments remained the same. She went through all the details with me and I was really happy with the mortgage product she suggested.

Even though the world was just at the start of the Covid-19 pandemic, my adviser at the Society was always available to keep me informed and I was very pleased when I was able to pick up the keys and move into my lovely new home.

Just over two years later, my initial mortgage deal with the Chorley Building Society was coming to an end. As there had been a number of interest rate increases during 2022, I was keen to take out another fixed rate mortgage as this still suited my personal circumstances. As I'd received so much information and tailored advice the first time I took out my mortgage, I felt confident that I could choose my own mortgage product.

Having received information already from the Society, I knew that I was able to either contact them again and meet with an advisor or choose my own mortgage and apply for this via the website. I chose to apply online myself. Within a few weeks, I'd moved onto my new mortgage product which was a really easy process.

Thank you to everyone at Chorley Building Society for all your help over the last few years.



Liz Pearson, Head of Lending, said:

"Helping people of all ages move into their dream home is what we strive to do here at Chorley Building Society. I'm so pleased that we were able to help Kay move into her new home.

We're very proud of our personal touch and our advised service to Members. We do also understand that sometimes Members are happy to choose their own mortgage product, as Kay did after her initial mortgage product ended.

We are investing in technology to make sure that we can offer our Members a choice of ways to transact with us and provide the level of convenience and service you prefer."

Summary Financial Statements

This financial statement is a summary of information in the audited Annual Accounts, the Directors' Report and Annual Business Statement, all of which are 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 10 April 2023.

Summary Directors' Report

The Directors have pleasure in presenting the Business Review, including the Summary Financial Statements, for the year ended 6 February 2023.

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.

Resilience in the UK housing market continued throughout most of 2022 before softening towards the end of the year following extraordinary global, economic and political events, including numerous Bank of England base rate increases, rising inflation and the cost of living crisis. Household savings balances continued to grow over the year, with the composition of this growth changing from instant access to notice and fixed rate deposits. On this front, your Society was pleased to offer a consistent range of notice and fixed rate products throughout the year.

Despite the prolonged period of economic uncertainty, the Directors are pleased that the Society is reporting another successful year. A summary of the year end performance against the Society's strategic objectives is outlined below.

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 highly skilled employees in our branches as well as our online offerings. During the past year we were delighted to continue to improve our online services and increase the number of savings products able to be opened via this channel. We were also pleased to have implemented Open Banking technology in to the mortgage team which will result in a more efficient service for our borrower Members.

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 following table.

Key Performance Indicators	2023	2022
Total assets	£333.9m	£311.7m
Total asset growth	7.1%	3.8%
Profit after taxation	£1.22m	£1.18m
Net interest margin	2.1%	1.9%
Management expenses as a percentage of mean total assets	1.6%	1.5%
Gross mortgage lending	£70.1m	£66.3m
Net mortgage balances	£267.2m	£259.0m
Mortgage asset growth	3.2%	7.8%
Shares and deposit balances	£291.4m	£269.5m
Capital	£23.2m	£22.0m
Gross capital as a percentage of shares and borrowings	7.5%	7.6%
Free capital as a percentage of shares and borrowings	7.0%	7.1%
Tier 1 capital ratio	20.2%	20.2%
Liquid assets as a percentage of shares and borrowings	20.6%	17.3%

Encourage our Member base to flourish

Despite the backdrop of challenging economic conditions and political events, the Society achieved record levels of gross advances in the year. Our teams have been dedicated to supporting our Members, providing a high quality service and a flexible approach. During the year we helped 91 Members purchase their first home and launched new mortgage products such as 'Advance Self Build' as well as 'Green Home Improvement' products for existing borrowers, which acknowledge the ever changing needs of our Members, whilst remaining a responsible lender. Our product range for savers Members continued to include both easy access and a range of notice products with attractive rates.

The Society keeps its savers and mortgage product offerings and market positioning under constant review and makes changes accordingly. We were delighted to continue numerous initiatives during the year to provide added value to our Members. These included providing regular Member e-newsletters as well as providing our Members with access to a will writing service through our relationship with Accord Legal Services.

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. The Society remains committed to training and career development for all employees. We were delighted to see our entire savings team qualify as Dementia Friends this year, meaning that they are able to provide an exceptional level of service to any of our Members affected by dementia. 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, ethnic or national origin, gender (including gender reassignment), sexual orientation, age, religious beliefs, marital status or disability.

Make a difference in the local community in which we operate

Charitable and Political Donations

The communities in which we 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 charities with much needed donations through Chorley High Five and our employees have been involved in many activities to raise money for our chosen charity of the year.

During the year, £59,741 (2022: £52,002) was donated through the High Five and comprised 29 (2022: 24) beneficiaries including our

Member voted Charity of the year, Derian House. In addition, we donated Christmas gifts to local children who would not otherwise receive presents at Christmas. We also gave 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 on the Society's charitable giving during the year can be found in the Charity and Community Support information in the Business Review document. This is available on the Society's website www.chorleybs.co.uk or may be obtained by request at the Society's Head Office.

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.

Profit before tax increased by £0.2m to £1.6m during the year from £1.4m in the previous year mainly due to higher interest income partly offset by higher costs. The Society anticipates that the market will remain competitive and that our business model will ensure that sufficient profitability will be generated in 2023/24 to meet our future-planned objectives, including investment to improve our systems and branches.

Income Statement Overview	2023 £m	2022 £m
Total income	6.7	5.9
Management expenses	(5.0)	(4.6)
Loan impairment provisions	(0.1)	0.1
Profit before tax	1.6	1.4

Events since the Year End

The Directors have considered the potential impact of the collapse of Silicon Valley Bank, Signature Bank and Credit Suisse including the mitigating measures and uncertainties on the Society and have concluded that these are non-adjusting post balance sheet events as the Society does not have any exposure (either direct cash exposure or direct / indirect through investments) with any bank in a distressed situation. The Directors have taken account of these events in the going concern assessment.

The Future Outlook

Economic conditions in 2023/24 are expected to remain challenging before a mild recovery is forecast later in the year, due to the expectation that the current elevated levels of inflation will reduce over the year, gradually easing pressures on consumers and businesses. However, the Society is cognisant of the current geopolitical risks and therefore the level of uncertainty remains high. As the UK moves out of a period of ultra-low interest rates, there is also uncertainty regarding the impact of higher interest rates, especially for borrowers approaching the end of a fixed rate mortgage, which can be reasonably expected to impact mortgage affordability and therefore may impact profitability. As a mutual organisation and as a responsible lender we strongly encourage our mortgage Members who are in financial difficulty, or who think they may enter financial difficulty in the future, to make contact with us as early as possible so we can assess what support we can provide.

The Board considers the Society to be well positioned for future adverse events, as evidenced in severe stress tests carried out, including the impact of rising interest rates and rising inflation. The Society maintains adequate levels of liquidity and capital and is able to withstand the severe stresses it has undertaken. Our Board remains vigilant and continues 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.

Our business model remains viable and the risks to our business are understood, well controlled and our underwriting and 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, allowing us to invest in improving our systems and branches for the future. The Board believes that a successful future outlook lies ahead.

Going Concern

As outlined above, 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 Directors consider that:

- › 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 Society has considered the financial impacts of the risks arising as a result of rising interest rates and rising inflation by undertaking rigorous stress-testing of the potential outcomes, the results of which demonstrate that it has sufficient capital resources to withstand a range of severe stress scenarios. The Directors are therefore satisfied that the Society has adequate resources to continue in business for the foreseeable future and at least twelve months from 29 March 2023. 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 reappointment of Mazars LLP as Auditor will be proposed at the Annual General Meeting on 23 May 2023.

A Final Note from the Chair of the Board

This Directors' Report tells of the progress of your Society in 2022 and I am very proud of what has been accomplished through what has been another challenging year, partly due to the number and scale of interest rate changes. The financial performance is strong and is discussed elsewhere in this report.

As a mutual organisation, owned by our Members, our aim is to pay a fair return to our saver Members and charge a fair price to our borrower Members. We retain surplus to keep our Members money safe and to invest to improve services for our Members and the local communities where we live and work. We aim to increase the number of Members we can support, providing both financial resilience and help to buy, or build homes.

During the year your Directors have spent time looking to the future and putting a five year plan in place to continue to support our aims, this will involve investment in both our systems and our branches. We also started thinking about the journey to net zero carbon emissions and how we can contribute; this too is built into our plans.

During the year, Angela Kos retired from the Board and from her role as Finance Director. Angela joined the Society in 1999 and was co-opted to the Board in April 2013. She played a vital role in the financial management of the Society and her knowledge, experience and expertise will be sorely missed. Everyone at the Society wishes Angela all the best for the future.

David Shelley has replaced Angela as Finance Director and was co-opted to the Board during the year. David joined the Society in October 2016 as Head of Finance and has since been a key member of the Society's senior management team. David is a qualified accountant and has a wealth of knowledge and experience in financial services.

Peter Brickley was also co-opted to the Board during the year as Non-Executive Director and brings a depth of knowledge and experience. Peter has held several executive positions in a number of global businesses and has previously been a Non-Executive Director for 14 years at the Newbury Building Society, seven of which he served as Chairman.

I am proud to be Chair of the Board and to serve your Society. As a Board, we will continue to focus on delivering benefits to you, our Members and to our local community as we move forward into 2023.

On behalf of the Board

John Sandford
Chair of the Board

29 March 2023



Summary Financial Statement

For the 52-week period ended 6 February 2023 and for the 53-week prior period ended 6 February 2023.

Statement of Income and Movements in Members' Interests	2023 £000	2022 £000
Net interest income	6,703	5,806
Other income and charges	28	80
Administrative expenses	(5,082)	(4,563)
Operating profit before provisions and taxation	1,649	1,323
Provisions for impairment losses	(96)	123
Profit for the year before taxation	1,553	1,446
Tax on profit on ordinary activities	(331)	(264)
Profit for the financial year	1,222	1,182

Statement of Financial Position	2023 £000	2022 £000
Assets		
Liquid assets	63,890	50,095
Mortgages	267,228	259,031
Fixed and other assets	2,771	2,557
Total Assets	333,889	311,683
Liabilities and Reserves		
Shares	290,557	268,621
Borrowings	19,185	20,133
Other liabilities	907	911
General reserves	23,240	22,018
Total Liabilities and Reserves	333,889	311,683

Summary of Key Financial Ratios	2023 %	2022 %
Gross capital as a percentage of shares and borrowings	7.50	7.63
Liquid assets as a percentage of shares and borrowings	20.63	17.35
Profit for the year as a percentage of mean total assets	0.38	0.39
Management expenses as a percentage of mean total assets	1.58	1.49

Notes

The percentages shown opposite are taken from the Society's Annual Report and Accounts for the financial year ended 6 February 2023.

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 saver Members 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 employee costs, IT costs and other office expenses.

A copy of the Society's full Annual Report and Accounts is available to Members on our website at www.chorleybs.co.uk or upon request at any Branch Office or by telephoning the Society on 01257 235000.

Approved by the Board of Directors on 29 March 2023 and signed on its behalf by:

John Sandford
Chair of the Board

Kevin Bernbaum
Vice Chair

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 The Chorley & District Building Society (the "Society") set out on pages 13 - 19.

Respective responsibilities of Directors and Auditor

The Directors are responsible for preparing the Business Review, incorporating 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, the Annual Business Statement and the 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, the Annual Business Statement and the Directors' Report of the Society for the period ended 6 February 2023;
- 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 Report and Accounts, the Annual Business Statement and the Directors' Report of the Society for the period ended 6 February 2023.

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 opinion on the Annual Report and Accounts, the Annual Business Statement and the 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 the Directors' Report of The Chorley and District Building Society for the period ended 6 February 2023 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 and Depositors 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 Senior Statutory Auditor

30 Old Bailey
London
EC4M 7AU
United Kingdom

29 March 2023

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 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 Chair of the Board, Chief Executive, Customer Services Director and Head of HR, Training & Facilities and H&S attend each meeting of the Committee although none are involved in consideration of any matters relating to their own remuneration and are absent from any such discussion. The Chief Risk Officer 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 Chair 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

	2023 £000	2022 £000
John Sandford (Chair of the Board)	33	30
Kevin Bernbaum (Vice Chair)	25	23
David Bagley	23	21
Julia Cattanach	22	-
Joanna Hall	24	21
Andrew Horsley (to 26 May 2021)	-	8
Erfana Mahmood (to 26 May 2021)	-	7
Gail Teasdale	22	21
Peter Brickley (from 1 October 2022)	7	-
	156	131

Executive Directors

2023	Salary £000	Pension Contributions £000	Bonus £000	Benefits £000	Total £000
Stephen Penlington	164	23	15	1	203
Angela Kos (to 31 October 2022)	202	8	12	1	223
David Shelley (from 22 November 2022)	18	1	-	-	19
Kimberley Roby	110	10	9	1	130
	494	42	36	3	575

2022	Salary £000	Pension Contributions £000	Bonus £000	Benefits £000	Total £000
Stephen Penlington	158	22	21	1	202
Angela Kos	121	12	16	1	150
Kimberley Roby	98	9	13	1	121
	377	43	50	3	473

Our Directors



John Sandford BA, MA, FCA
Chair of the Board

John was co-opted to 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. John has developed a small portfolio of other Non-Executive and advisory roles within the mutual sector, chairing the Boards of Johnnie Johnson Housing (to September 2022) and Epworth Investment Management Limited. He believes that the Society has an important role to play within the mutual sector. John has been Chair of the Society since September 2016 having previously been Chair 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 Constituency (2015) Charitable Trust.



Julia Cattanach LLB (Hons)
Non-Executive Director and Consumer Duty Champion

Julia was co-opted to the Board in February 2022. She is qualified as a solicitor in England & Wales. She has had a career in legal and compliance in financial services and has been the Chief Risk Officer for Experian in the UK since 2016. Experian is a global data and analytics firm, well known in the UK for its credit reference agency activities. Julia was born and grew up in New Zealand before coming to the UK in 1996. She lives in Nottingham with her husband and son.



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

Kevin was co-opted to 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.



Gail Teasdale ACA
Non-Executive Director

Gail was co-opted to the Board in October 2020 and is a member of the Audit, Risk & Compliance Committee and Nominations and Remuneration Committee. 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 believes it is important that Members are at the core of decision making. She was born in Bradford and now lives near Harrogate with her husband and dogs. In her spare time she loves walking and running.



David Shelley BSc, MSc, FCCA
Finance Director

David joined the Society in 2016 as Head of Finance and was co-opted to the Board in November 2022 as Finance Director. He 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. David has over 15 years of experience within the Financial Services industry and is also responsible for the Society's secretarial functions. He is a member of the Assets & Liabilities Committee, Risk & Compliance Committee and Mortgage Credit Risk Committee. David lives in Northwich with his wife and four young children.



Joanna Hall CIM
Non-Executive Director, Chair of Nominations & Remuneration Committee, Whistleblowing and Employee Champion

Joanna was co-opted to the Board in June 2019 and now chairs the Nominations & Remuneration Committee. She is also a Non-Executive Director for Societe Generale Kleinwort Benson and a Member Trustee Director for AON's Retirement Plan. She is Chartered Institute of Marketing qualified and Digital Marketing certified, with over 35 years' experience in financial services. Joanna's passion is to help companies get closer to their customers, demonstrate their value and make it easier for them to do business. Previous industry roles include AXA Health, Fidelity and eValue (a fintech). 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). Having grown up in the North West, Joanna now lives in Kent with her husband and dog and has two grown up children. In her spare time, Joanna enjoys pilates and has recently taken up golf.



Peter Brickley
Non-Executive Director

Peter was co-opted to the Board in October 2022. He has held several executive positions in a number of global businesses including BAT, Centrica, Heineken, SABMiller and latterly Coca Cola Europacific Partners where he leads Business Process reengineering through Technology and innovation. Previously he has been a Non-Executive Director for 14 years at the Newbury Building Society, of which he served seven years as Chairman. Peter lives in the Cotswolds with his wife; he is married with 2 adult daughters. His hobbies are diverse – from classic cars, wine, brewing beer, music and walking with their dogs. Peter is also a Parish Councillor and a trustee of a medical charity (the Brain and Spine Foundation).



Kimberley Roby BA (Hons), MSc
Customer Services Director

Kimberley joined the Society in 2006 and was co-opted to the Board in September 2017 as Customer Services Director. She has responsibility for the Society's Marketing, Product, Mortgage, Savings, Business Development, Transformation 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 we support 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.



David Bagley BA (Hons), FCA
Senior Independent Director and Non-Executive Director

David was co-opted to 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. He is married with two daughters and lives in Sheffield. David and his wife are active supporters of Guide Dogs where, for 10 years, he was a trustee and board member. David sits on the Nominations & Remuneration Committee and is the Society's Senior Independent Director. He is available to the Members if they have concerns regarding their membership of the Society and contact through the normal channels - via the Chair of the Board or the Executive Directors - has either failed to resolve the matter or is considered inappropriate.

Notice of Annual General Meeting

Notice is given that the 164th ANNUAL GENERAL MEETING of The Chorley and District Building Society will be held on Tuesday 23rd May 2023 at The Mill Café, St Catherine's Hospice, Lostock Lane, Preston, PR5 5XU at 18:00 p.m. to consider and vote on the resolutions and election and re-election of Directors as set out below:

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 6 February 2023.
3. To consider and if thought fit, approve the Directors' Remuneration Report for the year ended 6 February 2023.
4. To consider and if thought fit, re-appoint Mazars LLP as Auditor.

Special resolution

5. To consider and if thought fit, pass the following resolution as a Special Resolution: To amend the Rules of the Society in the manner specified on page 27.

Election and re-election of Directors

6. To consider and if thought fit, re-elect David John Bagley as Director.
7. To consider and if thought fit, re-elect Joanna Rosalie Hall as Director.
8. To consider and if thought fit, elect Peter John Brickley as Director.
9. To consider and if thought fit, elect David Shelley as Director.

Light refreshments will be provided.

By order of the Board of Directors

Stephen Penlington
Chief Executive

29 March 2023

Rule Changes

Resolution 5 in the Notice of AGM is a Special Resolution to amend the Rules of the Society. The Rules form part of our constitutional documents and set out the basis on which the Society is governed.

What are we proposing to change and why?

The Society's Rules include provisions relating to the size of the Board of Directors. Rule 12(1) currently provides that the minimum number of Directors shall be five, and the maximum number shall be ten.

The Society currently has ten Directors and, having reviewed these limits, has concluded that Rule 12(1) should now be updated. Accordingly, the Society is proposing to increase the maximum number limit from ten to 12. This will afford the Society the flexibility to grow the Board as appropriate, adding greater expertise and experience in future without contravening the current constitutional limit. The Society is not proposing any change to the minimum number of Directors.

Proposed Rule changes

The text of the proposed changes to Rule 12(1) is set out below. The proposed new wording is set out in italics and underlined, with any deleted wording being crossed through. It is intended that, if the proposed changes are approved by members, they will take effect (subject to registration by the Financial Conduct Authority) on 1 August 2023.

To amend existing Rule 12(1) (Direction and Management) as follows:

"The business of the Society and any business that the Society proposes to carry on shall be under the direction of a Board of Directors consisting of not more than ~~12~~ ten nor (subject to the provisions of Rule 25(6)) less than five Members and the Board may from time to time resolve the number who together shall constitute the Board within these limitations."

In addition, the following minor typographical change will be made. At Rule 25(6), in reference to the minimum number of Directors prescribed by Rule 12, the square brackets around the word "five" shall be deleted.

A full copy of our current Rules is available to download from our website at chorleybs.co.uk.

Alternatively, you can request a copy from the Society's Secretary, Chorley Building Society, Key House, Foxhole Road, Chorley, Lancashire PR7 1NZ.

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.
- 3. You may instruct your proxy how to vote at the Meeting. Please read the instructions on the voting 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 23 May 2023. For all other Members who are required to vote by proxy, the voting date is 16 May 2023.
- 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 23 May 2023; and
- ii. Have held shares to the value of not less than £100 in the Society on 6 February 2023; and
- iii. Not have ceased to hold a share or shares in the Society at any time between 6 February 2023 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 23 May 2023; and
- ii. Have owed the Society not less than £100 in respect of a mortgage debt on 6 February 2023; 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:

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

Whether you qualify to vote as both a **shareholding Member** and a **borrowing Member**.

Notes

Notes

**Chorley
Building
Society**

TRUSTED SINCE 1859



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chorleybs.co.uk



The Chorley and District Building Society is a member of the Building Societies Association.

The 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.