

NATIONWIDE BUILDING SOCIETY

ANNUAL GENERAL MEETING 2023

Held online

Wednesday, 19 July 2023

Chairman: Mr Kevin Parry OBE

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THE CHAIRMAN: Good morning. Welcome to Nationwide's 2023 Annual General Meeting and thank you for attending.

The Society's Secretary, Jason Wright, has confirmed that we now have more than enough attendees to make the meeting quorate, so I now declare the meeting open.

This AGM is fully online and builds on our experience from last year. We discovered then that many more people attended online than made it in person, almost ten times as many in fact, and they were just as able to ask questions and vote as the people who were in the room. We've also found over recent years that we were spending a large amount of our members' money on an event physically attended by an increasingly smaller number of members. This trend of decreasing in-person attendance isn't unique to Nationwide and we are seeing a number of listed companies move to online meetings only. We have so many members across the UK that attending in person was difficult for most people.

We believe an online meeting is fair and equitable and also better for the environment. So now everyone can join from the comfort of their own home or office without the time and expense of travelling to a central venue, and for those members without online access, we've provided support to join online in our local branches. You'll also be able to ask a question by text, as well as appearing on video.

We will review feedback after this meeting but my overall expectation is that this arrangement will be fairer and will help to improve participation in the AGM and member engagement with the Society.

Actors always say, "Don't appear with children or animals". Many times over the years I've heard the sage advice to not rely on technology, but interactive video technology has come on leaps and bounds over the Covid years and so we are just doing that. Nevertheless, I cannot guarantee that we will not have some technical gremlins. If we do lose our ability to broadcast and we're unable to restore it within 20 minutes, we will let you know. An adjournment notice will appear on your screen and a message will be posted on our website.

Every director is present today, including those standing for election or re-election to the Board. My Board colleagues, Mai Fyfield, Albert Hitchcock, Debbie Klein, Sally Orton, Tamara Rajah, Gillian Riley and Gunn Waersted, are online. We also have some directors in the studio with me today, I will briefly introduce them.

Firstly, Debbie Crosbie, our Chief Executive. Debbie has been with us for a year, having joined in June 2022, but given how much she has achieved since then, I hope she won't mind me saying it feels a bit longer.

Debbie is joined by Chris Rhodes, the Society's Chief Financial Officer, who'll be familiar to many of you. Chris has been with Nationwide for 14 years and Chief Financial Officer for the last four years.

Phil Rivett is with us here as well. Phil has been a non-executive director since 2019. Phil is a chartered accountant with four decades of experience in accountancy and

audit in the financial services sector, so it will be no surprise to you that Phil chairs our Audit Committee.

The Chair of our Risk Committee is also with me. Alan Keir became a non-executive director in March 2022 and has a lifetime's experience in retail, commercial and investment banking, and a proven track record of delivering for customers. Alan is also our Board Consumer Duty Champion.

Finally, I would like to welcome Tracey Graham. Tracey joined the Board in September 2022 and is standing for election to the Board for the first time this year. Tracey is our Remuneration Committee Chair and, assuming a positive vote, she'll become our Senior Independent Director, taking over from Gunn Waersted who, along with Mai Fyfield, is stepping down following this AGM.

I would like to thank both Gunn and Mai for their service. Their considerable expertise and good counsel have been invaluable. Over the course of six and eight years respectively, they have helped steer the Society through some challenging times, not least the impact of the pandemic and the current cost-of-living crisis.

Replacing them will be no easy task but Tracey comes with an equally impressive track record. She's an experienced non-executive director and has extensive experience as a remuneration committee chair and as a senior independent director across various sectors, including the financial services sector.

I would also like to welcome Sally Orton to the Board. Sally is one of my colleagues attending the meeting online today. She joined the Nationwide Board and became a member of the Audit Committee last month, so, like Tracey, she is standing for election for the first time this year. Sally is a qualified chartered accountant both in Australia and in the UK, with a career spanning 30 years in financial services and professional services.

Shortly, we will get to the formal business part of the meeting where you can ask questions and vote on resolutions. At that time, I will run through how that part of the meeting will run. But in the meantime, Debbie and I have taken the opportunity to record a brief review to bring some of the year's highlights to life.

Video played, the transcript of which follows:

THE CHAIRMAN: The financial year was challenging for many of our members. When we held our last Annual General Meeting, we were emerging from the global Covid pandemic but facing into some new economic uncertainty. Rising inflation has had a huge impact on many people's budgets, so have steep increases in energy bills, and higher interest rates that made mortgages more expensive. All of this combined to create a new cost-of-living challenge, so it was vital that Nationwide continued to focus on its members' needs.

First and foremost, we did so by protecting your Society's financial strength. Our pre-tax profit was 40% higher than the previous year at £2.2 billion, but every penny of that is used for our members' benefit in some way, whether that's ensuring we

remain financially strong and can withstand economic downturns or whether we use it to improve or reward your participation in the products or services you rely on.

Our capital position is also strong, with our leverage ratio improving and core capital ratio increasing as well. The leverage ratio measures the capital retained to support our gross lending activities. The core capital ratio is more sophisticated and measures the highest quality capital against the assets - mainly our lending - weighted by how risky that lending is.

It is our financial strength that gives us the freedom to respond to our members' needs when new challenges arise, such as the cost-of-living increases arising from inflation. Protecting your Society's financial strength during the year was just one of our priorities. We also ensured that members received good value from their Society and the accounts we offer. In fact we delivered a record £1.1 billion in member financial benefit, which is broadly the amount by which our members benefit more than they would if they banked with a typical competitor.

This year we introduced an additional way to return value to members who helped to create it: the Nationwide Fairer Share Bond, which was available to all members, and the Nationwide Fairer Share Payment, which was made to people who trusted us with their main current account and who also had savings or a mortgage.

In considering the eligibility criteria for the Nationwide Fairer Share, we wanted to recognise the contribution that members who have their everyday banking relationship with us make. Active current accounts are important to the long-term sustainable financial performance of the Society.

We were conscious that the £1.1 billion member financial benefit tended to be targeted at savers and borrowers and did not provide much reward to current account holders. We can only offer increasingly competitive savings rates and good value mortgages to all members if we have a growing business. Increasing the number of active current accounts our members hold with us is central to that growth and our ability to return wider financial benefit to all members. Encouraging people to have their main current account with us also helps us meet our legal building society remit, which is to help people buy homes. The money our current account customers keep with us, as well as members' savings, is money that we can use to fund our mortgages. We, like all building societies, are legally obliged to ensure that at least 50% of the money used to fund our mortgages and other lending comes from customer deposits.

The Board very much hopes, and currently anticipates, that we will be able to reward eligible members in the future through the Nationwide Fairer Share, but we will only do so if our financial performance and capital strength justify further distributions.

As well as bolstering our financial strength and returning value to members, your Board was also focused on ensuring that we were there to support those members who needed our help. The cost of living, a rising bank rate and inflation, all presented fresh challenges for us and our members. The Nationwide Board faced these challenges head on and agreed a number of initiatives to support members, from extending our Branch Promise to providing a cost-of-living helpline.

A key part of the Board's role is to listen to the Society's customers, employees and members. Last year we held three TalkBack sessions and 30 online education events that over 5,400 people attended. We also have members on eleven community boards and over 7,000 members on our Member Connect panel.

I would like to thank everyone who contributed their experience and great insight, which has been invaluable and helped shape our direction. The feedback we receive, along with the insight we get from having such wide experience on the Board, helps us to work with the management team on our overall business strategy.

This year we refreshed and refocused our strategy on realising more value for members, improving customer experience, delivering robust and resilient services, and making the most of our mutual status to do good across society.

We benefitted greatly in our strategy discussions from the diversity of views and experience on our Board. Two out of four of our most senior Board positions are now held by women, as recognised in the FTSE Women Leaders Review 2023, and our Board is broadly balanced between men and women. That places us in a good position to oversee progress against inclusion and diversity targets for Nationwide, and to hold executive management to account to deliver even greater diversity.

We have also continued to champion the Society's sustainability agenda. Nationwide has publicly committed to net zero and has intermediate 2030 targets for its directly controllable emissions.

We have a challenge, however, in what are known as Scope 3 emissions. In our case, Scope 3 means emissions that are attributable to houses on which we provide a mortgage. The reduction of carbon emissions from houses is dependent on the public's response to greenhouse gas emissions and also on broader public policy. Put simply, Nationwide cannot achieve all of our targets without co-ordinated public policies in energy and housing. Whilst this is difficult, we're certainly not giving up, and are actively considering what more we can do to help our customers contribute to carbon reduction.

So that's a quick and high-level review of the financial year from my perspective as Chairman. I would like to thank you, our members, and my colleagues for their continued support for the Society.

As I look to the year ahead, I am confident that Nationwide will remain resilient in the face of continuing economic uncertainty and that the mutual leadership Nationwide provides will continue to serve our members' interests well.

The Board has approved a new strategy and purpose for Nationwide which allows us to grow the business through deeper customer relationships and lending activities. We look forward to overseeing the delivery of that strategy for the benefit of Nationwide's members, customers, colleagues, and the communities we serve.

I'll now hand over to Debbie Crosbie to outline in some more detail the service, support and value we provided to members this year.

(End of video)

Video played, the transcript of which follows:

THE CHIEF EXECUTIVE: Thank you, Kevin.

This has been another strong year for the Society and I'm delighted to share some of the highlights with you. It's been over a year since I joined Nationwide and already I feel a strong connection with our members, and I'm passionate about the difference that we can make for our customers, members and communities.

In my first week, I announced that we would extend our Branch Promise to 2024 and I'm pleased that we have now extended it further into 2026. I spend a lot of my time visiting our branches and I've seen first-hand how well they're used and how they are valued by our members and our communities. Our promise means that by the end of this summer Nationwide is likely to have the largest branch network of any bank brand or building society in the UK; that's great for our existing members and it will help us attract new members for the future too.

A large network of branches is one of the benefits of Nationwide membership. As a mutual, we consider the value of our branches and not just the cost.

Another of the benefits we provide is specialist support for members in financial difficulty, which last year included adjusting some fees and charges for people who were most in need.

We also deliver value back to members by investing to prevent fraud through our Scam Checker Service and by refunding innocent victims of fraud.

On top of the additional support and services, we also provide value in direct member financial benefit, be that through better rates for members, incentives, or member-only products, like our member Reward Bond or the Nationwide Fairer Share Bond.

Last year our member financial benefit was the highest to date at over £1 billion. Even with that, our underlying profit was the strongest to date at £2.2 billion, which means we have more capital to lend and to invest in the Society in the years ahead.

One of the financial benefits that I know many members are interested in is our deposit rates. Last year our average deposit rate was 65% higher than the market average. While it may have been possible to get a better savings rate elsewhere with a smaller online-only bank with no branches or customer support, over the long term our members were better off saving with us rather than any other high street bank.

In the last financial year we looked after almost £1 in every £10 of household savings in the UK. Our deposits grew by £9.1 billion over the year, with almost £6 billion of these in the second half alone.

We continue to keep our rates under close review and we recently introduced a range of one-year products all above 5% and increased the rate for **all** of our variable

savings accounts. However, we must balance what we offer savers with the rates we need to charge our mortgage borrowers.

This year exceptional market volatility and rising interest rates presented challenges for those coming off fixed rate mortgages. To help, we've introduced a new online Mortgage Manager. This makes it easier for members to switch to deals or extend mortgage term to keep their payments down, and I'm delighted to say that we have the highest mortgage retention in our peer group. Our members can also rely on our mortgage price promise. Unlike others, we will always offer rates to existing borrowers that are at least as good as those we offer to new customers.

All of this helped us to grow our mortgage lending last year to over £200 billion and increase our share of the UK market to over 12%. We helped one in seven first-time buyers into their own home and we were awarded Best First-Time Buyer Mortgage Provider at the Moneyfacts Awards 2022.

As the Chairman explained, growing the number of customers who trust Nationwide with their main current account is vital to our long-term sustainable performance and our ability to return financial benefit to members.

Last autumn we offered a £200 incentive to existing members and new customers to switch their main current account to us. We gained over 200,000 new accounts through our Current Account Switch incentive, our highest since the service launched in 2013, and we won the Current Account Switching Provider of the Year at the 2023 Moneyfacts Consumer Awards.

Another current account highlight this year was winning the Best Student Bank Account at the Moneynet Awards. Attracting younger customers into Nationwide is important to the long-term success of the Society.

Turning to service, over the year we have made some important improvements. We've extended our operating hours for online chat to provide 24 by 7 availability but our members can still phone their local branches directly, and that's just not possible for most banks.

Our branches were central to the support that we provided to help members face the cost-of-living challenge. We also launched a new cost-of-living telephone helpline, and in February we offered cashback on supermarket shopping.

Throughout the year we donated £1 million to a range of debt and money advice charities who provide specialist support and advice to our members, organisations like Citizens Advice, StepChange and PayPlan.

An area where our members often turn to us is for advice on fraud. Later in the meeting you will hear about the ways to reduce the risk of becoming a victim of fraud, including our round-the-clock Scam Checker Service. We're also putting additional security steps in place to protect you, and this has meant that we have been able to remove the need for a card reader for many online transactions, and we have some exciting improvements lined up for our Banking app this autumn.

By investing in our service and support for members, Nationwide is still first for customer satisfaction in the UK amongst our peer group, but I know we still have even more to do here, and it's important that when things do go wrong, we put them right as quickly as possible.

I would like to thank all of my colleagues in Nationwide for their commitment to always improving customer service. Over the last year, they have helped improve how Nationwide is run, which in turn improves the services and the support we provide to our members. What's common to everyone in Nationwide is a passion for doing good for society, as well as for our members.

We commit at least 1% of our pre-tax profits each year to good causes, largely focused on housing; that amounted to almost £10 million last year and will be even higher this year given our strong financial performance. This money is split between our social investment programmes and the Nationwide Foundation, which is an independent charity we fund to increase the availability of decent, affordable homes for people in housing need.

Our Community Grants programme is shaped by both members and colleagues, they decide which local projects to support, and last year we awarded £4.3 million to almost 100 charitable housing projects.

Our colleagues and customers also raised £144,000 for Shelter on top of the £1.1 million the Society provided.

Since April 2022, we have taken our Money Lessons into more than 400 schools and supported over 40,000 pupils.

I am very proud of both our financial performance and the difference that we were able to make last year, but we can do even better.

As Kevin said, we engage thousands of members every year through our events, the Member Connect panel and in customer research. I also make a point of speaking with customers when I visit branches and I always reflect carefully on your comments when considering the future direction of the Society. I also read every customer complaint sent to me and I know there are occasions when we don't get it right first time.

So, providing simply brilliant service will remain a key priority in the year ahead. This will sit alongside our additional priorities of developing deeper and more rewarding relationships with our members and doing the basics brilliantly all of the time. This is vital to becoming a modern mutual.

There's much more detail about our financial performance, our support for members, and our mutual good commitments, in our Annual Report and Accounts.

I hope that you have found this short review of our highlights helpful. Our strong performance last year has provided a great platform to build on, and I believe that Nationwide will set the benchmark for building societies and for banks in the years ahead.

Banking, but fairer, more rewarding, and for the good of society.

(End of video)

THE CHAIRMAN: I hope that that film was helpful and provided an insight into what your Society achieved last year, and some hints perhaps about what's in store for the year ahead.

Soon you will be able to submit questions to the Board, which we will answer before you are asked to vote on the resolutions, but first let's run through the business of the meeting which is to consider 14 resolutions as set out in the Notice of Meeting.

The Notice is on a separate leaflet from your Voting Form and was included in your voting pack and available for download on our voting site.

As Chairman of the meeting, I will take the Notice of Meeting as read.

After I've formally proposed all of the resolutions, I will invite you to submit any questions you have. Voting will take place **after** the question and answer session.

When we get to that point, I will call for a poll on each resolution. This will enable the votes of all voting members, including those voting by proxy, to be included in the count by our independent scrutineers, Civica Election Services. The formal declaration of the results verified by our scrutineers will be published as soon as they are available after the meeting.

I anticipate that the meeting will end before about quarter past one - that's this afternoon - subject to the number of questions asked.

So I now propose that we move to the first resolution, which is to receive the Annual Accounts. On behalf of the Board, I propose the following resolution:

“To receive the Directors’ Report, the Annual Accounts, the Annual Business Statement and the Auditors’ Report for the financial year ended 4 April 2023.”

The resolution is an ordinary resolution requiring a simple majority. Your Board recommends that you vote “For” this resolution.

The second resolution is to approve the Report of the Directors on Remuneration. On behalf of the Board, I propose the following resolution:

“To approve the Directors’ Remuneration Report for the financial year ended 4 April 2023.”

The resolution is an ordinary resolution requiring a simple majority. Your Board recommends that you vote “For” this resolution.

The third resolution is to re-appoint the auditors. On behalf of the Board, I now propose the following resolution:

“To re-appoint Ernst & Young LLP as Auditors until the end of the next AGM.”

The resolution is an ordinary resolution requiring a simple majority. Your Board recommends that you vote “For” this resolution.

We now come to the election and re-election of directors.

Tracey Graham was appointed to the Board last September and Sally Orton this June; both are standing for election at this year’s AGM.

As I indicated earlier, Mai Fyfield and Gunn Waersted are stepping down at the end of this meeting.

All the other directors are standing for re-election.

Details of each director standing for election and re-election can be found in the leaflet entitled “Who am I voting for?”, which you will have seen in your voting pack or on the voting site.

I can confirm that following a formal performance evaluation, each of the directors evaluated and seeking re-election(*sic*) or re-election continues to be effective and demonstrates a strong commitment to the role.

As I am one of the directors seeking re-election this year, I will propose the election and re-election of each of the other directors and then hand over to Tracey Graham to propose the resolution in relation to my re-election.

On behalf of the Board, I now propose the following as a separate resolution in respect of each candidate as set out in the Notice of Meeting:

To elect or re-elect each of those directors offering themselves for election or re-election as follows:

- to elect Tracey Graham and Sally Orton as directors
- to re-elect Debbie Crosbie, Albert Hitchcock, Debbie Klein, Tamara Rajah, Alan Keir, Chris Rhodes, Gillian Riley and Phil Rivett as directors.

Your Board recommends that you vote “For” the election or re-election of each of the directors.

I will now hand over to Tracey Graham.

MS GRAHAM: Thank you, Chairman.

I confirm that, following an assessment of the Chairman’s performance during the year, your Board believes that he continues to perform very effectively as a director

and Chairman of the Society. On behalf of the Board, I propose the following resolution in respect of which your Board recommends you vote “For”:

- to re-elect Kevin Parry as a director.

THE CHAIRMAN: Thank you, Tracey.

At this point, and before we proceed to the vote, I would like to invite your questions on our business and any of the resolutions which have just been proposed. You can ask questions by clicking on the Q&A tab at the top of your screen - just type in your questions and they will be relayed to me - or you can request to speak on video to the Board live by clicking “The Request to speak” tab at the top of the Q&A window. Once you submit a request to speak, a member of our team will provide you with a link to ask your question. When you ask your question, please could you let us know your name, and be concise so that as many members as possible can take part. If we get lots of questions on the same subject, we’ll do our best to combine them; this will help us to cover a wide range of topics today.

Please could I also ask you to keep your remarks to matters relating to the Society rather than your own individual circumstances. This is not because you aren’t important but rather because they can be dealt with more effectively by using one of our normal customer channels, such as through our branches or call centres.

So now let’s get underway with the Q&A.

Let’s take a look at our first question, and the question comes from Mr Townley-Freeman and it’s on Fairer Share. He says:

“I’ve been a member of the Society for over 40 years and I have tens of thousands of pounds invested, yet I’m deemed to have a less deep relationship with Nationwide than someone with £200 invested for a few weeks. This appears to be a cynical attempt to attract more current accounts, not least because, when I complained, I was asked if I would like to open a current account. Why am I viewed as having a less deep relationship with the Society, given the substantial negative response to the Fairer Share scheme by those members who are excluded from the scheme?”

Well, there’s a lot in that question but let me try and address the points that are being made. So, as was mentioned in the video, we’ve returned £1.1 billion of benefit to members that are either savers or borrowers from us. That is a record amount and it is the amount that our savers and borrowers have benefitted compared with being invested in one of our main competitors, and, interestingly, of that 1.1 billion, 70% of it has gone to our savings members. So the first point that I think I would make is that savers have done very well in terms of the benefits that have been provided.

One thing though that the Board was acutely conscious of is that we were not particularly rewarding those who had current accounts with us. So I’ve mentioned the savers and the borrowers, but the current accounts have not benefitted dramatically because, by and large, banking is free or nearly free. So the situation there was that we wanted to give a benefit to current account holders. There were some

technicalities about being a member, and so was it cynical to attract more business? Due respect, I don't think it was cynical, it was quite deliberate, that we do wish to have more current account members and to provide the banking services to them.

To the point as to whether there's been a substantial negative response, you are correct, Mr Townley-Freeman, some people didn't get the £100, didn't qualify for the £100, have made comments that they would prefer to have got it. We were very clear as to who qualified and I would hope that you might consider whether you would have a current account with us that would qualify, and as I mentioned in the video, it is the Board's hope/intention, subject to it being financially sensible to do so, that we would make similar awards in the future. So you obviously did miss out this year but perhaps you won't in the future.

We've had quite a lot of questions along a similar line, and if any different aspects come up in the questioning, then I'll try and address those later on.

The second question here is from Mr Mark Halls and he'd like to speak online, so let's see if we can just get the technology working. So, Mr Halls, yes, I can see you; hopefully, you can see and hear us too. Good morning. *(Pause)* We can't hear you yet.

MR HALLS: Can you hear me?

THE CHAIRMAN: Yes, it's working now. Thank you.

MR HALLS: Right, okay. Thank you. Just going to turn my speaker off because, otherwise, we'll get interaction off that. Sorry about that.

Yes. Debbie spoke about exciting developments to online banking, I'd like to know exactly **how** you're going to develop that, as I've been requesting developments to bring your apps up to date for over five years and the progress has been so terribly slow in bringing you up to being a credible online banking service.

THE CHAIRMAN: Thank you very much. I'm sure Debbie might give you a little more insight. Debbie.

THE CHIEF EXECUTIVE: So, thank you, Mr Halls, for that very important question. I'd just like to say that I'm very passionate about providing a great technology service as well as a face-to-face customer service. We've been doing a lot of work on the underlying technology infrastructure so that we can make changes much more quickly and much more cost-effectively. So we're in the process of updating the app and we will be launching a new version of the app around about October this year.

A couple of things I'd mention. In particular, we're very focused on the security of the service, so we've been doing a lot of work to introduce a replacement for the card reader. In addition, we've taken a lot of feedback from members and customers of the features that they'd like to see in the future, and one of the first things we're going to be doing, because it's been overwhelmingly fed back to us, is give you the ability to change payment reference numbers more easily. But there is a range of new features

that we'll introduce progressively because we're also thoughtful that too much change at the one time in a banking app can become confusing.

So we really hope that you enjoy the new banking app, and any further feedback on features we greatly welcome you giving us.

THE CHAIRMAN: Debbie, thank you very much indeed.

Maybe I can indulge us. There is a delightful comment in, frankly, from Ms Plummer and she says - it's not a question - but she'd like to take the opportunity to emphasise the importance and how valuable branches are. On two occasions recently she has been able to resolve a problem by face-to-face discussion with a real person and

“I hope the Board will continue to see branch retention as a priority and a real asset to the Society”.

Well, thank you very much for those kind remarks. Maybe I can ask the Chief Executive just to elaborate a little bit on how important she sees the branch network.

THE CHIEF EXECUTIVE: So, Ms Plummer, thank you, as our Chairman said. We know from feedback that branch and face-to-face contact is really important, and we're absolutely committed to maintaining our branch network. We're introducing training for our colleagues in the branches so that they can help and assist with as many things as possible, and we're delighted that you enjoy those experiences.

Just a little interesting fact is that nearly half, by value, of our Fairer Share Bond was opened in person in our branches, which just underlines an example of not just your remarks but how important our membership see the branches. So I'd just like to give you reassurance that we're absolutely committed to maintaining them and, indeed, improving them, so thank you for your remarks.

THE CHAIRMAN: Thank you. The question that comes next is from Mr Heron and it talks about due diligence and he's clearly had some difficulty. He says:

“How do you justify closing accounts for long-serving elderly members when they do not hold the ID documents listed and cannot, owing to age and disabilities, go into a branch?”

So after your comments on branches, Chief Executive, perhaps you'd like to address this one.

THE CHIEF EXECUTIVE: Yes. So, look, thank you again, and I'm very sorry to hear that you've had difficulty. We have a range of commitments that we must meet from a regulatory expectations point of view, but what I would say is we're very keen to help you and we absolutely acknowledge that it's very challenging for some of our elderly members to make it into a branch. So I'd encourage you, please, if you'd like to write to me and give me details of the particular account that you have and the difficulties, we'll do our very best to see what we can do to assist you.

THE CHAIRMAN: Thank you very much. So if you would write in to us - it's our head office - we will look to try and resolve that for you.

So I'm going to go to another in-person question and I think this one is going to be for the Chief Financial Officer and it's to do with savings and mortgage rates. Martin Newman should be coming up online momentarily.

MR NEWMAN: Good morning.

THE CHAIRMAN: Mr Newman, good morning.

MR NEWMAN: I've been a member of Nationwide Building Society for over 40 years. In the last financial year, Nationwide reported record online profits of £2.2 billion, an increase of £632 million from the previous year. This increase was due to the net - sorry: this was generated because of the net interest income and higher interest margin, and it arose because Nationwide passed on the additional base rate cost to mortgage lenders but didn't pass it on to savers. So this record profit has been achieved at the expense of both members who are borrowers, because they pay the full base rate increases, and savers who did not receive increases in their - the equivalent increase in their savings rate. How can the directors think that treating members like this is acceptable or reflect what a mutual society is meant to stand for? Thank you.

THE CHAIRMAN: Thank you for that question. Let me go to the Chief Financial Officer, Chris Rhodes.

MR RHODES: Thank you, Chairman.

Let me start by looking at both sides of the balance sheet, Mr Newman. So from a mortgage point of view, 80% of our mortgages are fixed rate and therefore they're not impacted by changes of the Bank of England base rate. A small proportion of our mortgages are variable rate: some of them are what's called base rate trackers and they automatically move in line with the terms and conditions when base rate moves, and some are on standard variable rate. Standard variable rate has moved broadly in line with the base rate, albeit at the last base rate move there was no change to the standard variable rate mortgages.

On the savings side, where we try to strike a balance of long-term sustainable savings rates, you're quite right, we've passed on broadly 55% of all base rate rises to savings members, but that has generated a 1.1 billion member financial benefit, 777 million of that was directly attributable to the increased rates we paid on savings. What is interesting from a market point of view, when you look at our balance sheet the Society saw a 9.1 billion inflow in member savings balances, which was far greater than the level of mortgage lending. We also improved our market share. So whilst it's very clear we haven't passed on all the base rate changes to savers, we think we've struck the right balance of passing on more than the market average, increasing member financial benefit but also looking to the sustainability of the Society in the long term, because I said most of our mortgages are fixed rate and most of those are for five years, so we're looking at earnings over a five-year period and trying to manage our way through a very volatile interest rate environment.

THE CHAIRMAN: Thank you very much. It's a complicated topic and I hope that was a clear explanation of the dynamics that are at play.

There's another question on Fairer Share, slightly different angle this time, so I think it's worth asking this question too. It comes from Mr Deer and he said that the Fairer Share scheme:

“Why is it fair that that was paid without prior notice to create two classes of member: one which shares in cash profits distribution and one that doesn't?”

So at the risk of a bit of pedantry, we still have one type of member, but the point you make is around the two different ways that people receive benefit from us. So again I'm going to go to the CFO to ask him to just comment on that arrangement.

MR RHODES: So, thank you, Chairman.

A good question again, and I guess I'm going to repeat some of what I've said before, which is member financial benefit largely lands on borrowers and savers where we pay better rates than the market average, and that was a record number of 1.1 billion. But what is really clear is current account members, again who have quite a lot of balances that help fund the Society's balance sheet, are not benefitting from base rate rises because their products do not attract an interest rate, and we concluded that it was appropriate to reward current account members in the profits that they contributed through the Fairer Share Payment as long as you had a slightly broader relationship with the Society. So interest rates benefit those products where there is an interest rate on them but Fairer Share attracts to the current account where there is no interest rate attracted to the deposits that you make in a current account.

THE CHAIRMAN: And I'll perhaps make the same point again, that I think we're very clear about our intention for the future, and therefore there's a lot of notice for the future going forward.

I've got one question online and I've got one written one or text one. I think I'll take one more text one and then we'll go to the one that is in person. It's a remuneration question, so what Mr Furman says is:

“Having read the report [that's the Remuneration Report], I didn't get a feel as to how the increases of pay for less well-paid staff relates to, for instance, the Living Wage. Can you say more about this, please?”

So let me go to Tracey Graham, who chairs the Remuneration Committee.

MS GRAHAM: Thank you, Chairman, and thank you very much for the question.

So Nationwide is a principal partner in the Living Wage Foundation and therefore we ensure that we meet all obligations to support all of our employees in ensuring that they receive at least the cost-of-living minimum wage as part of their compensation.

What I would say as well is this year, when looking at remuneration, we looked at a large number of other factors, particularly around our lower-paid employees. So we looked at external benchmark data to see, for the financial services sector, how others were remunerating their employees. We also thought about how it could be that we could do a number of different things to help our employees. So this year we agreed a 6.5% increase for our employees; we also made a one-off payment of £500 to all of our employees; and in addition to this we brought forward our pay award by three months, which was financially beneficial to employees, to ensure that they received the benefit of that earlier.

So certainly we meet all of our obligations, we have no zero-based contracted staff, we are a principal partner of the Foundation, and continue to look very closely at this area. Thank you.

THE CHAIRMAN: Thank you. So just a reminder to everybody, if you have a question, please use either the two ways of doing it, using the buttons at the top of your screen.

But, in the meantime, let's go for a live question, and Jennifer Frame has a question which I think is on cladding, that's cladding on buildings. So, Ms Frame. Morning.

MS FRAME: Thank you. I'm a member of the Society. I have a savings and current account with Nationwide. I'm a very happy customer (*inaudible*) and I want to thank you for the Fairer Share first of all.

My question is on behalf of the End Our Cladding Scandal campaign of which I'm a volunteer. Six years after Grenfell there are 10,000 buildings that are still unsafe. That's stalled the market on buying and selling flats to a substantial extent. I wanted to ask why are so many leaseholders still having problems buying and selling, despite the fact that you signed ... signatory to the industry statement in December that said it should be possible for people to buy and sell? We have problems with qualifying leaseholders, non-qualifying, and under 11 metres, and I wonder if the Board would be prepared to have a further discussion with our campaign group to discuss some of these urgent issues.

THE CHAIRMAN: Thank you very much. It wasn't the best broadband connection but I think we've got the question, which is around the difficulty of transacting on buildings that have cladding and whether we would entertain a discussion with the group that you belong to. I'm going to pass over to Chris Rhodes who is familiar with this topic.

MR RHODES: Yes. So, look, I think I'd start by saying, yes, we're very happy to have a conversation on the challenges you're facing. Yes, we do lend on properties with cladding, but we recognise it's a very difficult and long-term subject in terms of the resolution of cladding for leaseholders who've got property, have got flats in these challenged environments. So, yes, look, very happy to have the conversation. We do lend, but of course part of the challenge is folks don't want to buy property that is subject to cladding because of all the issues that you're experiencing. So, yes, Chairman, very happy to have that conversation.

THE CHAIRMAN: So again, if you would get in touch with us or maybe someone will take your details today, we'll arrange that call, and thank you also for your kind comments on Fairer Share.

The next question is a message, one that's from Mr Mildridge, and he says:

“The public are dismayed at the number of branches and banks that have closed in recent years. Mrs Crosbie's track record is well known, reducing the number of TSB branches from 600 to 200. I see that under her tenure Nationwide have closed a considerable number of branches. Should not the members be listened to before any more closures take place?”

I don't recognise the “considerable number of branches”, maybe I can ask the Chief Executive to comment on how many branches have closed here. It's probably inappropriate that we comment on a competitor bank in terms of what happened there, we're interested in what happens at Nationwide. But let me ask the Chief Exec to comment on what's happening nowadays.

THE CHIEF EXECUTIVE: Yes. So look, I would just like to repeat the messages that I've already delivered, that we're very committed to our branch network. We currently have 606 branches. We have closed I think a very small number of branches this year for two reasons: one we had a couple of forced closures, and the other thing that we chose to do was there was a small number of occasions where we had two or three branches in very close proximity to each other. But I just want to say everybody in Nationwide, including myself, thinks that branches are a very important part of our proposition. There are no planned closures beyond what's already been done and we're absolutely committed to the Branch Promise until 2026, and, as I said earlier, we're committed to not only maintaining our network but improving it. So we would just like to give you that reassurance, that you should not be seeing any branch closures in the near future.

THE CHAIRMAN: Let me just emphasise that. We are committed at Nationwide to having a full branch network. We're likely to have the biggest number of branches of any major financial - any financial institution in this country by the autumn of this year, and it is our intention to continue to bank with branches going forward.

We have another question on savings rate, it's similar to another one but marginally different, so let me just take it, it's from Mr Gibson:

“It's a basic fact that in order for you to lend money on mortgages that you must attract and retain more savers to hold more funds with the Society. Is it not therefore financially and morally wrong to increase mortgage rates immediately the bank rate increases, yet delay an increase in savings rate and also getting a lower percentage rate increase? It can be said that a large part of the £100 that was able to be paid to all qualifying, profited from this delaying tactic and the increased profit distributed was funded to the detriment of savers.”

So slightly different emphasis, Chris, on that one. Would you perhaps take up the differences compared with what you said last time in terms of the emphasis of the question?

MR RHODES: Yes. Thank you, Chairman.

I guess I might repeat some of it, so to reiterate: yes, we fund mortgages from savings, and our savings balance has increased by 9.1 billion and our mortgage balances by around 3 billion. So actually, because of our competitive position, we were able to attract more savings balances than actually we were able to lend in the challenged market. I think the point about the £100 and was that because of the pass-through to savings rates, whilst we don't split the profit and loss up in that way, I think it's worth remembering that over 20% of the Society's retail deposits come from current accounts and they do not attract an interest rate, they are 0% products, and the £100 goes to that group of members who fund the Society through current accounts, as well as potentially having a mortgage or a savings account or, indeed, all three. So I don't think it's correct to attribute the £100 to the overall flow of savings because savings is rewarded through higher rates and member financial benefit.

In terms of timing, I think, as I said before, at the last base rate rise we did not pass on to our variable rate mortgages where we had a choice - there are base rate tracker products where it automatically feeds through. But I wonder whether it's helpful to members to understand that what they read in the papers is largely the pricing of fixed rate mortgages, which is the majority of the products that we advance in the current environment, and they are not set in direct relation to base rate, they're set in relation to what's called interest rate swaps or longer-term interest rates in the UK. We hedge the risk using those interest rate swaps, therefore we price mortgages off the back of interest rate swaps, and they move independently of base rate though, interest rate swaps move in line with market sentiment about the future direction of interest rates. Perhaps the best example to point you at is the mini-budget in the autumn where expectations for interest rates changed hugely, mortgage pricing moved, but, equally, base rates didn't move. So there's quite a lot of moving parts here, but actually the headlines you read on mortgage pricing rising - and we've been repricing mortgages once a week for the last six or seven weeks because of the volatility - is not to do with base rates, it's everything to do with interest rate swaps and future expectations for interest rates.

THE CHAIRMAN: Thank you very much.

I'm going to stay on the savings theme. There's a question from Mr Robotham and I think I'm going to ask the Chief Executive to address this one. Mr Robotham asks:

“Are there plans for better propositions for children, young people and those with low savings? Recent rate changes mean the range is much more beneficial on bonds”,

and he makes the point that the same interest rate has been on a one-year bond as in the Start to Save account. So I'm going to ask Debbie Crosbie to give a view as to where this is going.

THE CHIEF EXECUTIVE: So, thank you, another very important question. We're in the process of developing a new children's savings account and we're just in the final throes of testing that, so our expectation is that we'll be launching a new proposition in the coming weeks, couple of months at the most, so very, very thoughtful about that.

Your question about regular savings accounts, we recognise that many of our members struggle to make sure that they're saving enough for their future. So we're very keen to provide people with attractive rates to encourage regular savings habits and we have a range of products. I'd encourage you to either come to our branches or look online and we'd be very happy to explain that range to you.

THE CHAIRMAN: Thank you very much.

Now there's a couple of different questions, one is going to be in person and a couple of written ones. I'll do a written, then I'll do the in person, then I'll come back to written.

The next one is on crypto, so a very different subject matter. So it's from Chris Madden and he says:

“Good morning. I firmly believe that cryptocurrencies will play a major role in the future of retail and institutional finance and will bring many benefits to consumers and investors. How does Nationwide view developments in digital assets, finance and wealth opportunities, and do any of the candidates personally invest in cryptocurrencies?”

So it's a hugely topical subject, it actually came up in the Mansion House speech a week ago on Monday from the Governor of the Bank of England. But I'm going to ask the Chief Executive to give some overviews and then maybe those sitting next to me will say whether they invest in cryptocurrencies but they don't need to if they don't wish to. Debbie.

THE CHIEF EXECUTIVE: Well, look, again another excellent question, and I would start by saying as a modern mutual we're very thoughtful about the way that all of these new things will develop, and, you know, I'm very passionate about technology and everything that digital currencies, etc, can offer for the future. I think it's a topic that is not yet quite mature, we're watching very carefully. But what I'd say to you first and foremost is we see that a number of our members are the victims of fraud because they invest in cryptocurrency schemes that are not as they appear. So I would just really urge careful caution and I'd ask people to think very carefully about how they spread the risk of their investments. The FCA, as you will be aware, have issued many warnings about the challenges of investing in cryptocurrencies and some of the security challenges that they present.

So, in summary, what I'd say is we're very alive to the way things are developing, we're watching it very carefully, and we will be keen to make sure that we're at the forefront of any developments, but I would urge a lot of caution and, at the moment, no, I personally do not invest in cryptocurrencies for those reasons.

THE CHAIRMAN: Does our prudent Finance Director wish to give a view?

MR RHODES: The Finance Director does not invest in cryptocurrencies, you know, bitcoin, etc. They have no intrinsic value so it doesn't appeal to my risk appetite I'm afraid.

THE CHAIRMAN: And I can share that same view. But it is a developing topic, it is something that we're looking at carefully, particularly around digital currencies, and there's consultation taking place by the Bank of England currently, and we've actually got a Board session to start developing our thoughts on that in the autumn. But it is something we are going to look at, as Debbie says, really carefully, but there may well be some good opportunities but we don't wish to rush into them in the interests of safety of our members.

So I'm going to go now to an online one. Anandh Hari has got a question on ethics of investments. So, Anandh, I think you should appear on screen momentarily. There we are! Good morning!

MR HARI: Good morning. Hello.

THE CHAIRMAN: Good morning.

MR HARI: I'd like to ask Nationwide and the Board why does Nationwide think that residential ground rents in unremediated developments, which are reflected by the cladding crisis, are an appropriate asset for the mutual fund to hold?

THE CHAIRMAN: If I underst... I understand your question perfectly. I think you're referring to maybe our own pension fund and whether it invests in ground rents, the Society doesn't have any such investments, and I know that Chris Rhodes has looked into this and can give you an answer on that I believe. Chris.

MR RHODES: Yes. So absolutely right, the Society does not invest in ground rents, but the defined benefit pension scheme of the Society does invest in ground rents. Just to remind everybody, the pension scheme is run independently of the Society by an independent board of trustees. They clearly keep us up to date on what they're doing but they do not ask our absolute permission in the sense of what is their investment strategy. The reason why they invest is because they're looking to hedge RPI, which is how the pensions are linked in terms of their future performance. It's not really, Chairman, I don't think, for me to comment on the ethics of what the pension scheme chooses to do.

THE CHAIRMAN: No. So the Board is not responsible for the investment of the pension fund, it is legally separate. They're aware, I believe, of the comment that you've made and we'll draw that to their attention, but it will be their decision not ours, but thank you very much for that question.

The next question is on mutual status and it's from Mr Trevithick, and he says:

“What are the goals of Nationwide Building Society, to be the best national mutual building society or major high street bank? Given that banks are widely distrusted, do you really want to head down that path?”

So I’m going to go to the Chief Executive, what path are you heading down, Debbie?

THE CHIEF EXECUTIVE: So we believe that trust from our members is critical, and everything that’s fundamental to the direction of the Society is about building trust and faith in what we do. Central to the goals of the Society is to ensure that not just our members but broader society benefit from everything that we do with our profits, not just for our members in the short term but also over the long term. We have a range of Mutual Good Commitments, there’s five of them, what we measure ourselves and how we hold ourselves to account, there’s a lot of detail in the Annual Report and Accounts. But I would just, sort of, sum up by saying we pay a lot of attention not just to what we do directly for our members but also the way that we’re creating a legacy for mutuality for the future, and we believe that Nationwide has a role to play not just for its own members but to make sure that everybody understands the alternative business model of a mutual society and what it can do. So we are very proud of our track record, and I can assure you it will continue to be our source of difference. So we do not want to become associated with banks, we want to stay true to our mutual status and membership, and we’ll continue to make sure that everything we do in our strategy does that.

THE CHAIRMAN: Thank you.

There’s a question here around inclusion and diversity and it’s from Mr Lesemfer(?), and he says:

“I applaud the balanced gender mix of the Board; however, there is a distinct lack of ethnic diversity amongst Board members. Which steps are being taken to address this imbalance?”

So ... Well, thank you for the first comment. Actually, we’ve got more women than men, as it happens, at the moment, but broadly we are 50/50 in terms of gender mix.

In terms of ethnic diversity, you’re correct, we only have one director who doesn’t come from a white ethnic background, I’m acutely conscious of that, and you ask what steps are being taken to address that imbalance, and I look forward to that changing in the future. I can’t give you a precise date of when that’s going to change, it takes a long time finding somebody with the right qualifications for the Board, but I would be delighted to see a better ethnic diversity in the future. So thank you very much for that question.

A question now on mortgage eligibility from Mr Trevithick - probably the same Mr Trevithick we had a bit earlier on:

“Why are you fuelling unsustainable levels of house price inflation by enabling higher earnings multiples of up to five-and-a-half times of borrowings?”

So let me go to the Chief Executive in terms of multiples for mortgages.

THE CHIEF EXECUTIVE: So, thank you. We believe it's very important to support first-time buyers and young people get on the housing ladder. Actually, we see that it's very important to support, in certain cases, higher loan to income multiples. We do pay a lot of attention to the credit of the individual and, you know, we consider very carefully their circumstances, and we also stress the approval of those mortgages to a higher level to make sure that, you know, they can afford it and we're not getting the individual into difficulty. We're very thoughtful in the current climate about what's happening with house prices, so we're paying a lot of attention to that. But I would just say to you that for many young people it's critically important to allow them an opportunity to get on that housing ladder and benefit over the longer term of owning their own home and, hopefully, benefitting from those house price increases that have been happening and we believe will happen over the longer term.

THE CHAIRMAN: Thank you very much. It is of course a core purpose of a building society to fund mortgages for housing, the funding is possible due to the savings that people deposit with us, and it is very difficult for youngsters to get on that housing ladder, so we have tried to help there. As it happens, house prices - inflation, actually house prices are marginally declining at the moment, but it's a very, very sensible question.

Let me go to one about the mobile app again, so I think I'm going to be coming back in the Chief Executive's direction, and it's from Mr Codling and he says:

“Are there any plans to update the Nationwide mobile app in the near future? I feel it's falling behind, not just Challenger and online-only accounts, but most high street banks too.”

So you've given a bit of a flavour, Debbie, but perhaps you'd like to just elaborate on that.

THE CHIEF EXECUTIVE: Yes. So I think the answer is “yes” and we're in the process of finalising the new mobile app, which we hope to launch in the autumn. I recognise that it's really important that we stay, not just up to date, but we provide a service that's as good as the competition, and I can assure you that that's the ambition we have, and we will continue to strive until we are just as good, and hopefully even better, than the competition.

THE CHAIRMAN: Thank you very much. I'm going to give the executive directors a bit of a break and take one on remuneration, and it says - it's from Mr Maxwell:

“When the wider society is suffering from high inflation, with the Bank of England concerned about wage inflation reinforcing and prolonging price inflation, why does the Board consider it for the good of society to award pay rises worth on average 11% in total?”

So this is about the pay rises that we gave to our colleagues and I'm going to ask the Chairman of the RemCo to comment on that. So, Tracey.

MS GRAHAM: Thank you, Chairman.

So our job is to attract, retain and find talented individuals to work at Nationwide, and it's really interesting, looking at rem for this year, what we actually did is we implemented a pay rise of 6.5% and we then gave a one-off payment of £500. That £500 is not embedded into salary, that will not be there next year. It was a one-off award and it was a one-off award to recognise the challenges of cost of living. I talked earlier about the award was brought forward again by three months which was of value to our colleagues, again that will not be embedded into the future salary next year. So the actual salary increase was 6.5%. We've looked at that against the external data that we have for financial services companies and that is very much in the pack. What we try to do is to have a balanced approach to help our colleagues in what is a very difficult time for everybody.

THE CHAIRMAN: Thank you very much.

There's a question from Mr Fisher and quite a long question, so let me read this through:

“The Society now emphasises that its purpose is banking. This is demonstrated by the fact that rewards go to members with bank accounts and this is described as fair. Boardroom pay is measured against that of high street banks, customer satisfaction performance is measured only against high street banks, benefit for members overall are measured against high street banks. Interest rates are mediocre and, at best, just above average. Apart from maintaining branches, I see nothing fair or mutual about Nationwide. When will Nationwide stop pretending to be a mutual?”

I'm going to come to Debbie in a minute but let me just take the last aspect of that question. So Nationwide is the largest mutual in this country, it's a fact, and there's nothing that we pretend about that, it is definitely a mutual. What does that mean? It means that all of the profits that are made by Nationwide are reinvested to the benefit of its members and its future members, and we do that by reinvesting in technology, widening services, keeping branches, we pay better interest rates than our competitors, and we're very competitive in terms of mortgages too. So I feel really quite strongly on that, there is a real benefit in being a mutual, and it's a privilege to be able to have as many members as we have and to be the biggest in this country.

But let me go to some of the previous points and I'm going to ask Debbie Crosbie to address those. There's quite a lot in there, Debbie, so you might want to just focus.

THE CHIEF EXECUTIVE: Yes. So I'll take the first question about how we measure our service standards against high street banks, and we believe that's very important because we are systemically important, we're one of the largest financial services organisations in the country, and I think that our members and our customers deserve to be able to expect as full and as good a service as high street banks.

Just to pick up on the comment on purpose, so the word “banking” is absolutely to describe the breadth of services that we provide. So fundamental - and it will always remain fundamental to us - is that first and foremost we want to provide mortgages

and affordable housing options to our members and our customers, and of course that is funded by our deposits that we gain from our members. But I just come back to that most people in the UK consider the main current account as the basis of their main financial relationship, and we believe that we offer very good value. It's very good for our members to give them a very credible alternative to the high street banks, where it's not just more rewarding for them as individuals but, very importantly, we can reward society and keep our profits for the benefit of broader society and our future membership, and that's fundamental to our mutual status.

I think, Chairman, I've covered most of that.

THE CHAIRMAN: I think that covers the majority of the points, I think we've addressed previously, so we wouldn't agree with you that our interest rates are mediocre, they're actually very good compared with competitors, but, obviously, you're entitled to your own view, Mr Fisher.

Let me move to an online one in person, and I think Keith Nason should hopefully appear on the screens momentarily. Good morning, Mr Nason.

MR NASON: Hello. Thank you very much for taking my question. Sorry, I'm getting a bit of an echo.

I raised last AGM that many of the processes are geared for the Society, not for the members, and after that meeting I spoke to somebody who took all the details. In December I had not received a reply so I contacted and I finally got a response in February, and that means, I think it reinforces, that you're not member-focused that you claim to be. Something that's come up with other people as well is the current accounts, you're more interested in new current accounts, than those of us that have had them 30-plus years, in the way you reward them. But overall you don't seem to be member-focused that you claim to be and that's reinforced by your response to the last AGM.

THE CHAIRMAN: Well, first of all, I can only apologise that the response to you, first of all, took a while and it had to be chased. Something clearly went wrong, that would not be the normal service standards, and I'll ask the Chief Executive to comment on the service standards in a minute. In terms of current accounts and new versus existing, I'll also ask her to comment on those two aspects too. So Debbie, please.

THE CHIEF EXECUTIVE: So thank you, Mr Nason, and I'll just also apologise. I mean I believe that it's really important that we demonstrate the fact that we are member-focused by giving you timely responses, so apologies for that.

We've got to do the best job we can to be as member-focused and we are very interested in all of our members' feedback. We have something called Member Connect, which is a panel of members where we consult regularly on the ideas that we have and take feedback, and test processes and procedures to make sure that they are member-focused. But I absolutely accept we can always do more and we'll continue to look for ways to do more.

On the question about current accounts, the Fairer Share payment was to acknowledge and reward our existing current account members, and it's something that, as the Chairman has said, we hope to continue and we hope that we will be able to do that based on our financial performance. We're also considering carefully how we attract and balance the new current account membership that we must attract and is very important to the sustainable nature of the Society. But we will consider carefully any feedback on the range of benefits that we're currently offering our current account holders.

So I'd just say thank you for your feedback and I'd encourage you, if you can give us time, to join one of our Member Connect panels and - or indeed any other feedback that you believe is important, please pass it to us and we'll consider that.

THE CHAIRMAN: Thank you very much indeed, Mr Nason.

There's a more technical question here from Mr Heron and I'm going to put this to the Chief Financial Officer. Mr Heron asks or says:

“Most current accounts have money going in and straight out, so how does that benefit a building society loaning money - lending money?”

MR RHODES: Thank you, Chairman.

It's a really good question, Mr Heron. Current accounts have huge flows in and huge flows out as salaries go in and mortgage payments and other items flow out; however, on average, there is a balance that sits across the whole current account base that is very stable. So in our case that's £35 billion of cash that is the average that resides in those current accounts that we can use to fund our balance sheet because we know, as long as we deliver good service and those current accounts remain with the Society, that those balances are very stable. The reason why current accounts get no interest is for exactly the reason you've pointed out, money is moving in and out, they're the most flexible product, which is why then, as you go through the savings range, the more restricted your access - for example, if you take a fixed rate bond for twelve months that you can't access - the rates increase. Current accounts get zero but, interestingly, there's significant balances that are very stable despite the flow in and out, and that's why they're such a valuable thing for the Society and its funding base.

THE CHAIRMAN: Thank you very much. So it's really all around the pooling of a lot of current accounts - and there are a lot - that allow us to use the money in the current accounts.

There's another question on remuneration and it's from Mr Burgess. He says:

“Please can Debbie Crosbie state why she believes her base salary of 889,000, which is 850,000 more than the average UK full-time salary, why does that represent good value for money for society?”

He goes on to say:

“Please can someone explain why in the current climate the CEO’s pay ratio to median employee remuneration has risen from 54:1 to 56:1 or 102:1 when replacement awards are granted?”,

and please can I, Kevin Parry, state why we believe, why I believe, my fees of over £500,000 represent good value for money for Society members.

The first point I will make is Debbie doesn’t determine her remuneration and I don’t determine mine, so I’m going to pass over to Tracey Graham who is Chairman of the Remuneration Committee.

MS GRAHAM: Thank you, Chairman.

So thank you for the question. I think it’s best if I take it in parts, if I may.

So firstly in relation to the pay of the Chief Executive, in comparison to the four large banking firms in the UK, the total opportunity of pay for Debbie Crosbie is actually 50% of what is paid to those large four banking firms, so effectively we pay less than the market average for the CEO pay compared to other like-size firms with the same level of complexity.

In terms of the CEO pay ratio, this year at 56.1, so broadly flat on last year, we’ve looked at data from other financial services companies, and if you look at the FTSE 100, the ratio, the FTSE 100 is 87:1, and indeed the ratio here at Nationwide again is much lower than that of any of our banking peers.

I think it’s also worth mentioning the replacement awards that were granted to Debbie Crosbie when she joined Nationwide. That was first discussed at the AGM last year and those awards were a one-off award to replace awards from her previous employer. They are deferred over the longer term, so they will be paid over a seven-year time period, and, as such, will not be included for compensation purposes this year or next year.

It might also be worth just touching on your point about the Chairman, Kevin Parry, and his fee. The Remuneration Committee has looked at the pay of chairmen across all of the top eleven financial services firms and the pay for the Chairman here at Nationwide ranks number seven of eleven when we look at our comparator against other banking peers. I think it’s really important just to make the point that when we look across the market, Nationwide is paying less than our banking peers, yet we want to attract from the same marketplace talented individuals that will be able to come to the Society to ensure that we are successful and that we are able to contribute to British society. Thank you.

THE CHAIRMAN: Thank you. I hope that gives you the answers that you would like.

The next question is regarding where the AGM is held, and the question has disappeared from my screen but I read it previously and it says that ... it was around why are we holding it online rather than holding it in a physical location. In particular, it went on to mention that last year it was held in Swindon, which perhaps

is not the easiest place to get to, and it was also very hot in there because of the glass ceiling, and that is indeed correct. It's from Mr Castle, this question, which has now come back on my technology this end.

So last year we did hold the AGM in Swindon and it was incredibly hot in there, I have to tell you. If you were on stage it was even hotter because we had arc lights shining in our faces. So it wasn't the most pleasant experience, I agree. We managed to land on, I think, one of the hottest days of the year.

So the question I think substantively: why are we holding it virtually rather than in person? It's to allow participation. Currently, I'm informed that we've got over 350 people online, that's the biggest attendance we've had in eleven years, and so it is to allow greater engagement with people.

Is it important also to have face-to-face meetings? I agree with you, Mr Castle, that's important too, so we do that in other ways, as was mentioned in the earlier videos. But in particular I think in terms of, if you're focusing on directors, which I suspect you are, we have what we call member TalkBacks and we will do two of those in person this year and one or two virtually, probably to get roughly an equal balance between in person and virtually, and in terms of location, one of those will be in London and one will be outside London. Your point is well made, I'll make sure we choose a major city that, hopefully, has good communications so that people can get to that meeting in person if they wish to. I think going forward we'll try and rotate around the country, probably always keeping one in London because it's relatively easy for people to get to, and then rotating it around, around the United Kingdom.

So I hope we can get the best of both worlds, higher attendance at AGM but also the important in-person contact but in other forums, and, as I mentioned earlier, it allows us to be slightly less formal in those other forums because we don't have to go through the resolutions that are required at an AGM. So I hope, on reflection, that is helpful for people.

Right. Very, very different question next from Ms Lescott and it's on gender-neutral toilets:

“On the website it states that you've introduced gender-neutral toilets. What was the process for reaching this decision, eg was advice sought from any outside organisations? Were women employees consulted separately for their views and was there any forum where women could express their views anonymously? Have you provided any women-only toilets for women, ie females, who for personal or religious reasons do not wish to share toilets with men?”

I'm going to start on this very delicate topic. The vast majority of toilets that we provide around Nationwide are conventional and we have separate male and female toilets. There are some that are gender-neutral but we're a very traditional organisation in that respect. I don't know if you're on top of the toilet situation, Debbie, but you might like to comment.

THE CHIEF EXECUTIVE: I think what might be helpful to clarify is there's no sites where it's only gender-neutral toilets. What I'd say is we're a very inclusive employer and we do consult with our employees, and we want to make sure that we give people as many options and choices that we can allow them to make their own personal choice. Certainly if anyone who had religious beliefs or anyone who had other requirements, we would very carefully consider them and make sure that we did all we could to provide for their individual needs.

THE CHAIRMAN: Thank you. So we have no wish to cause any offence to anybody and so all comments we would take seriously, so ... Maybe I made slightly light of that question but there's some very real substance to it.

Let me move to another question, Mr Newlands, on service levels:

“Why does Nationwide service in reality not meet the standards that it appears to set itself in its advertising claims? The user-challenging internet banking DIY account opening/closing for savings is one example; another is the serious feet-dragging reality of keeping pace with rising interest rates.”

I think the substance of all of that question has perhaps already been answered. I don't know whether you want to add anything, Debbie.

THE CHIEF EXECUTIVE: Well, look, I would just say that we are always striving to improve our service and we are very grateful of any feedback on our service. We are number one in our peer group. We're also doing incredibly well on external benchmarks like FRS for example, which is something that's published externally. So, look, we always want to do more, and if you've got any particular suggestions, I'd be delighted to consider them. But please be reassured we're not resting on our laurels and there is an extensive programme of work which is detailed in the Annual Report and Accounts under the heading of “Simply brilliant service”. It's a key priority for us and it will remain so.

THE CHAIRMAN: Thank you very much.

Mr Reece has got a different question on climate and he says:

“I'm pleased with your intention to help members make their homes greener. I note the 0% Green Additional Borrowing mortgage. I'm a long-term Nationwide member and I'm keen to have solar panels but cannot afford to extend my borrowing. Is there scope for Nationwide to have a co-ordinated strategy to get solar panels across all member houses, perhaps organising shared tendering processes or even Nationwide owning the solar panels and gaining the financial benefit of spare energy?”

So a very kind question there in terms of broader engagement. I'm going to go to Chris Rhodes.

MR RHODES: Thank you, Chairman.

A very interesting conversation. Almost you partly answer it, Mr Reece. We had a solar panel pilot last year where we tried to launch an innovative service to work through whether we could provide or whether a third-party could provide you with solar panels. The take-up was incredibly low. I think, if I remember correctly, we had something like 300 applications through the pilot, so we have suspended that. Our response has been to come back with the 0% further advance, so for five years you can take a £15,000 further advance at 0% interest to help you fund greening your property - maybe solar panels, maybe insulation, double-glazing, a range of things - to help the business case, because of course one of the challenges that everyone is facing into is the very long payback period for things like solar panels in terms of how long the investment case is.

So I think we're trying to do everything we can. We haven't gone down the route of seeing whether we could create a tendering process and buy a lot of solar panels. I suspect it's not actually the buying of the panels that's the challenge, it's the supply chain of getting trusted installers, which is what we tried to fix with the pilot last year. So we are feeling our way through this. We'd be really interested to see whether the 0% additional further loan for green will actually generate any volumes or whether actually things like solar panels are just too expensive at this moment in time.

THE CHAIRMAN: Thank you very much. So we keep it under review. Climate is a very real issue, but the emissions from housing is a very difficult topic and there's no golden bullet, I have to say, in terms of solving that.

A quick-fire one from Mr Rollin on remuneration and it's straightforward, Tracey:

“What was the average rate of increase for staff in the past financial year?”

MS GRAHAM: Thank you, Chairman.

So the average rate of increase was 6.5%. I did talk earlier about the one-off payment of £500 to all staff, together with that being paid three months earlier than should have been the case. The average increase was 6.5%, that was paid to all colleagues in the Society.

THE CHAIRMAN: I think I'm right in saying that those that were at the lower end of the spectrum were generally at the highest percentage rise?

MS GRAHAM: That's correct.

THE CHAIRMAN: Another one about new products - and I'm going to come to the Chief Executive again - it's on credit cards and it's from Mr Stevenson Barnes:

“Are there any plans to launch a student credit card, especially for students like me [that's him] who have savings but want one for buyer protection and building up a credit history?”

So very careful and sensible planning there by Mr Stevenson Barnes. Debbie.

THE CHIEF EXECUTIVE: Yes. So thank you for the question. We are about to launch our new student account for this year. I have to say we haven't, at the moment, considered a student-specific credit card but we do offer a broad credit card that I hope will be able to meet your needs. But I think it's a great suggestion actually and we'll certainly consider is there anything we can do specifically, but please do watch out for the new student account which will be launched in the next few weeks.

THE CHAIRMAN: Okay. There's another one on savings from Mr Newlands. I think this might be your third question, Mr Newlands, so I think, in the interests of everybody else, I'll take this as the last one.

“The claim that I'm better off keeping my savings with Nationwide is simply not true”,

he says.

“Has Nationwide examined the use of new members putting these new accounts ...”

I'm afraid I need the rest of that question. Is it going to come up on my screen in front of me? *(Pause)* We're going to come back to you, Mr Newlands, the technology is lagging.

Let me move to a different one. It's on identification, it's from Ms Sanzum:

“Why don't we accept senior bus passes as valid ID in the branch? My bus pass was accepted as ID when I went to vote in the local elections.”

So identification, and, Mr Rhodes, do you know the answer to that one?

MR RHODES: I'm afraid I don't actually.

THE CHAIRMAN: I think we might have to take that one away.

MR RHODES: I think we might have to take that one away as to why we don't use bus passes when you can use them in the elections. So apologies ...

THE CHAIRMAN: So thank you for that, drawing to our attention. We'll consider the security aspects of that and reflect. Thank you.

I can now ... No, I can't quite come back to Mr Newlands, I've only got part of his question up there.

Let me go to Mr Kimber, and he says:

“Will Nationwide commit itself to ‘never kill cash’?”

Chris, are you going to kill cash?

MR RHODES: We're not going to kill cash, I mean that is not our choice to kill cash. What I would say is - and reiterate really Debbie's comments on the Branch Promise - we see our branches are incredibly important, we've been through that in the meeting today. Therefore, whilst there are branches, I think there will remain cash. It will not be Nationwide that kills cash.

THE CHAIRMAN: Yes. Yes, cash remains a very important part of our society, and I think, you know, one of the reasons for having branches and having our cashpoint machines is of course access to cash.

Right, I do now have the whole question from Mr Newlands but it has now disappeared again, so I'm just going to give the technologists the time to bring back the first part of his question and see if I can go to that. *(Pause)* Right, I think I've got it. So, Mr Newlands:

“The claim that I'm better off keeping my savings with Nationwide is simply not true. Has Nationwide examined the use of new members and how they are putting it through their accounts?”,

doesn't, I'm afraid, quite make sense.

“Many spurred on by Martin Lewis are merely using the switch incentives in a round-robin process to enhance personal wealth from bank-switching bonuses that are happening on an annual basis to the detriment of long-term account holders. I would invite the CEO to 'sit on my shoulder' the next time it is necessary to switch savings account to benefit from improved rates that leave legacy accounts behind to discover for herself that members need some serious training in Nationwide systems to get it right.”

Well, I think there might be quite a few factual corrections required to that one. Let me pass over to the Chief Executive.

THE CHIEF EXECUTIVE: So, first of all, we do not have any back book products, or let's just call it legacy products, that pay different rates from front book, and that's very important to us. We have a number of savings promises and that is one of them. So if that's the case in your particular circumstance, very happy to deal with that because it's not something I recognise.

Second thing is we absolutely want to improve systems and processes, we're constantly training our staff, and, you know, apologies again if you've had a difficult experience. I do very much “sit on customers' shoulders”, so I listen to calls that they've made, I observe what's happening in our branches, and we also, as you are aware, ask for very regular feedback on the experiences of our customers. But look, suffice to say I acknowledge and recognise that there's always more we can do and we're striving to improve those, absolutely, on a daily basis.

Then finally on rates, whilst I've said that there may be occasions where someone has a better rate, but I would just say that we believe our rates are very competitive, which is demonstrated by our member financial benefit this year, which just a reminder was over 1.1 billion and over 70% of that was in delivering better rates to our savers, but

again it very much depends on the products that you're selecting and the suitability. So I just encourage you, if we can help you, Mr Bray (*sic*), by coming in and maybe having one of our savings reviews with one of our either branch colleagues or on the telephone, we'll be very happy to do that.

THE CHAIRMAN: So I hope that answers your question, Mr Newlands. As the Chief Executive emphasised, over £1.1 billion of benefits given to savers. Nationwide is looking to be consistently providing good savings rates, but, you know, you may well find somebody maybe with a small balance or starter offer elsewhere, but for us it's about consistency.

So I've got another question that is around savings that's going to be direct. Mr Bray should, hopefully, come on screen. Mr Bray, good morning.

MR BRAY: Hi. Good morning. Thank you for the opportunity to ask my question.

I don't believe your savings rates are competitive when you compare them to Yorkshire, Coventry and Leeds Building Societies, for example, they may be when you compare them to the high street banks.

But my specific question was about new products, new savings accounts you open, and the legacy accounts. If I give an example, because I think you exploit people. I was encouraged to open an e-Savings account, which now pays 2.15%; I was also encouraged to open an e-Savings Plus account, which is supposed to be better but has more restrictions - that now pays 1.75%, I don't understand why that's less; and then you've now opened a Flex Instant Saver account that pays 3%. This seems a bit of nonsense. I don't know why you just don't have one account and pay a competitive rate to those savers because it seems the people that are not so able to transfer these accounts all the time, particularly the elderly people that are not online, are going to be penalised and they're going to be caught out the whole time by you paying better savings rates elsewhere.

THE CHAIRMAN: So I'm going to go to the CFO, and perhaps you can address why different rates go with different maturities of savings, Chris.

MR RHODES: Yes. Thank you, Chair. There are quite a few questions in there and actually one we need to check and actually, potentially, if you could check for us actually. I think what should be the minimum rate on all our products is 2.15 from the middle of July, so all instant access products, including the legacy ones that you've described. So if I remember correctly, e-Savings was a product we had maybe ten-plus years ago? Over recent times we've brought all those products into a ... They retain their old names for systems purposes but they've been brought into the instant access product and should all, as of today, attract 2.15% as the minimum rate. The 1.75 I don't recognise, so we may - I'm just looking at Debbie - need to take that one away and maybe if you could drop us a line, because it should be 2.15.

From there, 2.15 is the minimum instant access rate. As you restrict access to limit the number of transactions or, ultimately, go for a longer term fixed rate, your rate will increase, because when your fixed rate comes to an end, you go back to instant access and then you have to work out what to do with the money.

So, as of today, the savings promises and how we operate instant access, they are all on the same rate. That is clearly not true of history but it's been true for a number of years for the Society. I'm trying to remember, e-Savings are a very, very old account in terms of when they were launched.

THE CHAIRMAN: Thank you very much.

Different question from Mr Miles around cost of living:

“Can the Board explain what measures they are taking to help those in financial difficulty? You've removed all interest-free options for existing borrowers and there is nothing on your website telling members what you are doing.”

I'm going to go to the Chief Executive. Debbie.

THE CHIEF EXECUTIVE: So, first of all, it's a great question and we recognise it's a very challenging time for a number of our members. I'm disappointed that we haven't been able to help you online because I believe there is a number of helpful hints and a good run-down online of what we do provide, but let me just cover very briefly.

First of all we've launched a dedicated telephone helpline, so if you or any other members who are listening have concerns or are experiencing financial difficulty, **please** do get in touch with us. Even if you prefer not to telephone us on that particular line, it may be helpful for you to attend one of our branches where, again, we'd be very happy to sit down and work through what options we can give you that would be tailored to your needs. We do offer on a number of occasions removal of charges, removal of interest rates - in fact we've done it proactively for a number of our members where we can see them in financial difficulty - and whether or not it's a savings product or a borrowing product that you'd like to discuss, we'd be very happy to do that with you.

To reflect the challenge that a number of people have had in food inflation, we also offered cashback this year, which was an investment, amongst other things, of nearly £100 million in supporting people through the challenges of cost of living. But please - you know, I'll just finish with the point I started with - do speak to us, and if you need help, we'd be delighted to tailor solutions that are best for you.

THE CHAIRMAN: Thank you very much.

There's a question on the voting for the AGM and it's from Mr Raymond. He says:

“It's great that you're giving away to Shelter for every vote cast but why was the total donation capped at £50,000 and not higher?”

I think I can just give some perspective on that. So we give 1% of our profits each year to charities, and we give them to a number of charities and we run to a budget, and it's a matter of keeping proportionality to the different charities that we support

and I think 50,000 was judged to be a fair share for that particular charitable donation, so ... We give a lot to Shelter, well beyond that amount.

There's another question on savings, different end of the spectrum, junior ISAs, from Mrs Short:

“Will you be bringing back junior ISAs? There seems to be so little of these accounts about, which is difficult if you've already put funds in one as you can't withdraw it until they are at least 18 years old.”

So I think, Chris, are you happy to take one on junior ISAs?

MR RHODES: Yes. I think we are bringing back a more extensive children's savings range, exactly junior ISAs? Debbie probably knows more than I do actually.

THE CHAIRMAN: Have you made a decision yet or is that still ...?

THE CHIEF EXECUTIVE: So we're looking at the range of children's accounts and the first account is not a junior ISA, but I think the question is a great one and we are committed to doing that. So let's take that away and we'll come back with specifically when we intend to launch the new children's junior ISA.

THE CHAIRMAN: So, Mrs Short, thank you for prompting us on that one. We're relatively early in the tax year and we will take that away to give some more thought to it.

There is a question from Mrs Otton:

“In the age of artificial intelligence, scams and frauds, what is there to protect single parents and their homes, mortgage, equity, staying at their own home, and protecting assets in women in family homes, especially survivors of DV? I asked the same question last year.”

You did indeed, Mrs Otton, I remember that question. I think I commented on it last year so I'm going to ask Debbie Crosbie to comment on it this year.

THE CHIEF EXECUTIVE: So thank you for the question, and we're very thoughtful about everyone who's experienced these types of challenges and we do think very carefully about people's vulnerability. I think if you've got a particular circumstance it would be really better to talk to you individually. But more generally we're very thoughtful about what happens in people's circumstances and we would offer one-to-one support either by our specialist support team, who have got a range of skills and a range of expertise that can help, or indeed we would be happy to help you in one of our branches. We offer Safe Spaces, which is something that allows people who are having particular challenges to come in and have a private conversation in a safe environment, but we're always looking to find out if we can do more.

THE CHAIRMAN: Thank you very much for that answer.

There's a question from Ms Ogilvy and she has another question around mutual status of the Society, and she says:

“Does the Society stress the mutual principle in working with schools?”

So let's just say a little bit around what we do do with schools. Whether we know that precise answer, I don't know the answer, but I do know what we do with schools. Perhaps, Debbie, you'd like to talk about what we do do with schools.

THE CHIEF EXECUTIVE: Yes. So a very important part of what we do is provide financial education to children in schools, and what's fantastic about that is our colleagues in Nationwide volunteer and they get so much out of it. In fact I've had lovely letters, not just from the pupils who've had that training but even from some of the teachers who say they've greatly benefitted from that education session. Whether or not - how much the mutual model features within it, I'll have to take that as a question offline, I do know we refer to it. But the point of that training is to make sure that all of our young people are suitably equipped to make the right decisions, save for their future, and hopefully, one day, become an owner of their own home, and it's something we're very committed to doing, we've reached over 40,000 pupils this year and we're committed to do more next year.

THE CHAIRMAN: Thank you very much.

I've got a question on data privacy from Mr Rollin, he says:

“Are customers' data processed only in the UK or is it processed offshore?”

I'm going to hand over to Chris Rhodes.

MR RHODES: That's a very good question, Chairman, and I'm going to need to take that one away. I think the vast majority, if not all of our data, is in the UK, but I do not want to give a false answer in terms of some of the processing that may take place. If I can take it away ...

THE CHAIRMAN: That happens to be my recollection too, but rather than give you a 100% answer ---

MR RHODES: I wouldn't want to ...

THE CHAIRMAN: --- let us take that, and, Mr Rollin, if you will give your details to those you've been speaking to before here, drop us a line, and we'll be able to come back precisely to you.

Different question on Fairer Share, a really good one actually from Ms Harris, who says: why have we specifically excluded 16-year-olds when those 16-year-olds might have their main bank account with us? The question, it comes to a legal matter, and we were not able to give to those who are under 16 years old. So, unfortunately, I'm afraid, the 16-year-olds have to wait, I believe is the correct answer. There's an element of that one, it also says: when they're opened on their behalf by parents, does that make a difference? Chris is looking at me, did I get my answer wrong?

MR RHODES: I think **under** 16.

THE CHAIRMAN: Oh, did I say over 16? Under 16, I beg your pardon.

MR RHODES: Yes, under 16s do not get Fairer Share ---

THE CHAIRMAN: Yes, under 16s.

MR RHODES: --- and therefore it has to be an account that's opened by the young person.

THE CHAIRMAN: Correct, yes.

MR RHODES: But if it is a FlexOne and they are over 16, then they should get it.

THE CHAIRMAN: They do. Sorry if I misspoke, it is indeed under 16, not over 16, and so I hope that's clear. So under 16 we're not able to do it, over 16 we are and do.

Question on the Member Connect panel, Mr Gibson:

“As a member for over 40 years, how do I join the Member Connect panel?”

THE CHIEF EXECUTIVE: You can do that online. If you go to our website, there should be clear directions as to how you can join the Member Connect panel. If you can't find it, please write to us and we can assist you.

THE CHAIRMAN: Thank you very much.

Another environmental one, Mr Hay:

“Earlier you highlighted the difficulty of tackling your Scope 3 emissions. For example, would you consider finding further ways to support mortgage holders to decarbonise their home, particularly in finding accredited insulation fitters. Often people are concerned about, if it goes wrong and the company folds, then they are at risk and have a big damp problem. This could encourage take-up.”

So, Chris, you referred earlier about the difficulty of finding reliable suppliers ---

MR RHODES: Yes.

THE CHAIRMAN: --- do you want to add to that?

MR RHODES: This is always under review. Again, we did have a pilot with B&Q for discounted insulation. As I said before, the real challenge is the supply chain and the installation, and we haven't been able to crack that solution in terms of providing an end-to-end solution. It will always remain under review but is not something that I think we'll be launching in the short term. Exactly as the member said, we transfer the risk to the Society away from the member if we were to finance that, and that's

something we would have to get comfortable with and it's not straightforward, which is clearly the challenge members have got in terms of finding accredited and credible installers of this kit.

THE CHAIRMAN: Thank you very much.

I've got two on savings. One is around the FSCS limit and it's from Mrs Cusack:

“With the FSCS compensation limit at £85,000, and whilst I accept you feel Nationwide is secure, but ... I've had to move money away from you to keep within this limit. Is there anything you can do about this?”

MR RHODES: I mean the limit is not set by Nationwide. There is certainly an ongoing regulatory conversation about whether the limit should be increased. Because it's been 85,000 for 15 years, logically it should have risen in line with inflation and I think we may see that move. Just to ... So, you know, Nationwide has got the highest leverage ratio, the strongest capital ratios, we have 50 billion of liquidity, we have 70 billion of other assets, that we can take to the bank if there were to be an issue. I can't tell you we're guaranteed clearly, what I can tell you is we are one of the safest UK institutions in the UK. But I think the observation about FSCS is a good one, it probably should, should reasonable move, bearing in mind it's been set at that level for 15 years.

THE CHAIRMAN: Thank you very much. There's another question on savings, which is around branches, and it's from Mr Rollin:

“Why are savings rates lower for accounts opened in branch rather than online?”

I'm not sure if that is correct, is it?

THE CHIEF EXECUTIVE: So largely it's not correct. I'm not saying that there **may** have not been an occasion in the past but ...

MR RHODES: Historically, there has definitely been differentials between online to reflect the differential processing cost, but I think, as of today, there are no online ...

THE CHIEF EXECUTIVE: Sure. Specific ...

MR RHODES: We do not do channel pricing, as it's referred to, today.

THE CHIEF EXECUTIVE: Yes.

THE CHAIRMAN: Yes. I think, Mr Rollin, you might have been right in the past but it's not the current situation.

Then we've got one on accessibility. Mr Furman:

“Have you given consideration to how Nationwide website can be made more accessible to those using BSL? Reference is made to receiving documents in

Braille, large print and an audio CD. Have you considered electronic documents at all?”,

noting that information is on the website as PDF files, but suggests this is a partial solution, not necessarily a fully structured PDF.

Interesting comment. So can we look at that?

THE CHIEF EXECUTIVE: We will take a look at that. We understand how important accessibility is and we're working hard to make sure we do the best job we can. It's a great suggestion. We'll take it away and see if there's more we can do.

THE CHAIRMAN: So we've got a few minutes left. First of all, there's quite a few comments thanking for Fairer Share and I touched on one earlier.

For those that have been coming in, thank you very much, we really do appreciate that feedback.

There's one that's just caught my attention here from Mr Codling, and he says:

“I appreciated the announcement of the Nationwide Fairer Share Payment even though I was not eligible. I'm keen to deepen my banking relationship with Nationwide. Will the criteria of future Fairer Share payments be consistent with this year's?”

So let me take that. It is our current intention that we will have consistency going forward. I'm not going to say for all time or ... because we are putting the safety mechanism in there that it's all dependent on affordability, but I think, Mr Codling, you make a sensible working assumption there.

One from Mr Trevithick on climate again: are we able to lobby the government to allow house buyers to use their stamp duty payments to fund renewable energy upgrades to their new home?

We do have interaction with the Treasury, and quite a lot of interaction and quite frequently, and that is one of the benefits of our status. It is impossible to get government to talk about future tax changes, they note comments but they don't give feedback. So I know this is a suggestion that's been put to them by ... in a number of places. I've really got no view as to whether it is in their thinking or not, but thank you for that thought.

Right. Now, really interesting question from Ms Atkinson, and we're probably ... I'm planning about five more minutes of questions I should ... just to give people a warning.

“If you're lending money from current accounts, how long would it take to make money from current accounts available to all of their owners were there ever to be a run on the Building Society?”

So this is again an immensely technical question to explain, but, Chris, can you give some feel for that question?

MR RHODES: Yes. So the simple answer to part one is, yes, current account balances are part of the Society's overall funding and therefore absolutely supports lending.

In terms of - I think I understand the question correctly - it talks about making money but it then says get the ... I think how long will it take to get your money back if there was to be a run on the Society? Well, effectively, we hold a whole range of capital that ensures the Society is both strong on a going concern basis. We also hold a significant amount of liquidity. So we hold £50 billion of government bonds that can be converted into cash same day, immediately. We also have a range of assets that we can convert with cash to - from the Bank of England almost immediately, with a slightly longer-term challenge for some elements of those assets, and that's 70 billion. So the likelihood of a run on the Society is very low, but if it was to occur, we believe we have got sufficient resources to enable the continuity of access to your current account in order for cash to come back to you, as it does today, as soon as you want it. That same statement would be true for instant access savers as well. Hopefully, that was the question that was being asked.

THE CHAIRMAN: That's the way I interpreted it too. So we believe we are doing this very safely indeed. Thank you very much.

Another question on Fairer Share and it's from Mr Gibson, and he says:

“Why does the Fairer Share savers' benefit favour non-ISA savers and exclude loyal high-balance ISA for tax reason savers?”

I think the question there is Fairer Share payments in respect of ISA savers.

THE CHIEF EXECUTIVE: Is the question maybe on Fairer Share Bond?

THE CHAIRMAN: Yes, it might be.

THE CHIEF EXECUTIVE: The reason we did that is because, obviously, most customers are aware of their individual taxation limits and we felt it was more inclusive to do something that was outwith that. I think it's good feedback and we'll consider that for the future.

THE CHAIRMAN: Mr Gibson, thank you for that, that has been registered.

I think I'm going to just take one final question and this is one that a couple of people have asked, and it's about monthly interest:

“Now that savings interest rates have increased, can members elect to have the interest paid to their account on a monthly basis rather than annually?”

MR RHODES: It's a simple answer of “no”, and the systems changes necessary - ie the IT technology changes necessary to make that happen - would be significant.

THE CHAIRMAN: So, obviously understand the question, it is very costly paying interest on that basis and we prefer to ensure we're giving value through rates.

MR RHODES: We would have to invest in the IT systems to achieve that and that would be a significant cost to do so.

THE CHAIRMAN: So with that, I'm conscious of time, and this has been an AGM, thank you for your engagement. It's been a good opportunity for everybody to ask the questions that they wish to, so I hope we've done our best at answering them. There's one or two that we didn't know the answer to and we will take those away and think of them and respond as we can. I think we've covered a wide range of topics, there's no different topics that I've ignored to the best of my knowledge, and so I'm going to proceed now to the formal part of the meeting and close the questions and answers.

So we'll now move on to the actual vote, and let me ... *(Pause)*

So I now declare the voting open and that the voting on each of the resolutions in the Notice of Meeting will be taken on a poll.

Members who have not already voted and are eligible to vote and wish to do so today, please select "Voting" on the screen and click on "Show" to vote on each resolution.

In the interests of transparency, showing on the screen with me is the number of proxy votes that I've been asked to cast by members not here today. The screen shows the number of proxy votes cast "For" and "Against" each resolution. For those members who gave me discretion to vote as I see fit, I've used that discretion to support the Board's recommendations and voted "For" each resolution. The number of members who have withheld their vote is also disclosed.

Last year our members voted to approve all resolutions by over 90% of votes cast and from the provisional results we expect this year's results to be similarly endorsed.

While members cast their votes, we will now show a short film on the steps you can take to help avoid becoming a victim of fraud.

Video played, the transcript of which follows:

MR WINTERS: Hello. I'm Jim Winters and I'm the Director of Economic Crime for Nationwide. I'd like to use the time we have today to share how we're protecting you, as well as the ways you can protect yourself, from fraud and scams.

Now, I'm sure you've all seen or heard of scams in the news and the evermore sophisticated ways scammers are cheating people out of their money, you might even know of people who have been targeted themselves. Fraud is when someone has had money taken from their account without their permission or when you've paid money to someone who turned out to be a fraudster. In most instances people don't know they've been a victim of fraud until they see that money has actually been taken or they're alerted by their bank or building society.

Scams are a type of fraud but they involve you being tricked or manipulated into making a payment yourself or moving money directly to a criminal. Scammers work really hard to make it seem as though the transaction you're making is legitimate, often by pretending to be from certain organisations. They might send text messages or emails that require you to click on a link. They'll also call you and pretend that they want to discuss your account or pay you back money that is owed. They can even approach you by online chat services on social media. Scammers are constantly finding new ways to con people out of their money.

We see people from every walk of life being scammed on a daily basis. It doesn't matter how old somebody is, what their financial situation is or how well educated they are, scammers are extremely good at seeming like the real thing, they're very, very convincing. Scammers use sophisticated ways to get people's money and, once they have it, they move it away very quickly, often to fund more criminal activities. So it's really important to know how to spot the signs of a scam and to protect your money.

Scams fall into several broad categories and three common types are:

- Number 1, purchase scams, where criminals trick you into buying goods or services which don't exist. You'll be asked to pay via a bank transfer, your money will disappear, and the thing that you've paid for will never arrive;
- Number 2 is investment scams where criminals convince you to move money into a fake investment opportunity. Some may set up unregulated firms that look real, whilst others pretend to be a genuine investment company to trick you into investing. We've seen criminals use incredibly sophisticated tactics in this area and spotting an investment scam is really difficult.
- Lastly, impersonation scams are where criminals convince you to make a payment or give up your personal or financial details, claiming they're from a trusted organisation or person. This could include the police, your bank or building society, a delivery or a utility company, or even a government department such as HMRC or the DVLA.

Criminals use all sorts of different tactics because they want to catch us out in any way that they can.

Let's take a moment to look at how big this problem has become. Throughout 2022, despite all of our efforts across the financial services industry, the number of reported scam cases actually increased by 6%. This meant that within the UK over 200,000 confirmed cases were reported and over 400 million was lost to scammers from personal accounts alone. Across the UK, £162 million was lost through impersonation scams, £109 million was lost through investment scams, and almost £60 million was lost through purchase scams.

Fraudsters are relentless and very professional, so we all need to be vigilant.

Nothing is more important than our customers' safety and we're passionate about encouraging our customers to be able to protect themselves and their money from criminals, so I'd like to share five top tips to beat the scammers:

(1) Don't be rushed. Only scammers will try to rush or panic you. A genuine organisation or someone you know won't mind waiting or even you calling them back on a number you've independently verified; for example, the number on the back of your debit card or an official website;

(2) Don't assume an email request, text or phone call is genuine just because it looks convincing. Remember that scammers are experts in professional communications;

(3) Don't ever disclose your security details like your pin number or your one-off card reader code. We would never ask you for this information;

(4) Don't be afraid to say "no". Saying "no" can feel uncomfortable sometimes, but it's okay to reject, refuse or ignore requests if it just doesn't feel right; and

(5) Always trust your instincts. If it looks too good to be true, it always is. Trust your instincts and don't be fooled by the scammers.

In addition to these steps, I'd encourage you to take particular care when using social media platforms. Industry figures show that more than half of scams encountered originate from social media platforms, such as Facebook Marketplace and WhatsApp.

As a mutual, we want to do everything we can to keep our customers safe from scammers. Customers who bank with us can use our 24/7 Scam Checker Service. This service means that you can talk to us whenever you're not sure about a payment you're about to make from your Nationwide current account. Whether you're in a branch, using our banking app, the internet bank, or through open banking, just call us any time or come into your local branch. We'll ask you about the payment or check a few details and we'll tell you if we think it's a scam. If you use our Scam Checker Service, we'll refund every penny if that payment turns out to be a scam, unless we told you not to make it. Last year our Scam Checker Service prevented over £6 million in potential scams impacting Nationwide customers, and this is on top of the £115 million our fraud team prevented.

We want to arm our customers with as much education and awareness as possible so that they know how to stay safe and away from scams and that they can protect themselves and their money. You can find out more by searching "How to spot a scam" on our website. This will take you to a leaflet which tells you how to keep your money safe from scammers. We've also put warnings into our internet bank and banking app to prompt you to think about whether it could be a scam. Please take the time to read these warnings, they are specially designed to keep you safe and to let you know what you need to look out for.

Now, as well as using the latest technology to protect our customers, our branch colleagues are specially trained to spot and prevent scams through the conversations

they have with our customers. Our branch colleagues prevent over half a million pounds' worth of fraud every month in this way. We have to work together to make sure that the fraudsters don't win.

Talking of teamwork, we can't fight the scammers alone and we utilise several partnerships to tackle this collectively. We've partnered with Independent Age to support customers over the age of 65 who are at risk of, or who have fallen victim to, fraud and scams. Independent Age can help with a range of issues that can affect people in later life. Through sponsorship, a referral pathway, and by advertising their helpline, we work together to ensure emotional support or financial advice is provided to those that need it.

We're also proud to be supporting the fraud industry awareness campaign Take Five, which encourages you to perfect the art of saying "no" to fraudsters by taking five minutes to stop, challenge, and protect. Stop means taking a moment to think before parting with your money or information; challenge means asking yourself whether it could be fake - it's okay to reject, refuse or ignore any requests, only criminals will try and rush or panic you; and protect means keeping your money safe. Always contact us immediately if you think you've fallen for a scam.

Finally, I'd like to end on a high and proudly share with you that independent benchmarking has shown that Nationwide has one of the best fraud detection rates in the industry, with highly efficient alerting and the shortest call wait times for customers reporting a fraud or a scam.

Now that's all we have time for today but I hope you found that useful. For further information, please head to our website, and remember: stop, challenge, protect. Thank you.

(End of video)

THE CHAIRMAN: That concludes the formal business of the meeting and voting is now closed. The results of the polls on the resolutions will be published on our website as soon as possible once they are available.

Thank you, everybody, for your interest that you have shown today by attending and for your questions. I now declare the meeting closed and wish you a very good afternoon.