

## **Chairman: David Roberts - opening statement**

Fellow members, good morning, and a very warm welcome to Nationwide Building Society's Annual General Meeting. My name is David Roberts, I am Chairman of the Society, and of today's meeting.

It's good to see so many of you here today in this great city. I worked here for three very happy years in the early 1990s. Manchester is home to the co-operative movement and therefore steeped in the history of mutuality and co-operation that are still so important to us today.

As you know we host our AGM in different locations each year, to make it as accessible as possible for members in different parts of the country. In the past members have asked if we can give earlier notice of our AGM, so I'm pleased to tell you that we've already chosen our venue and date for 2020. All being well our AGM next year will be held in the International Conference Centre in Newport, Wales on Thursday 16 July.

To improve access further, we are also webcasting our AGM for the first time so that members who are not able to attend in person can hear all the proceedings live. A very warm welcome to those members joining us today via audio webcast. However, I should point out that in line with The Society's Constitution, members need to be present in the room to be able to ask questions.

As we are quorate, I now declare the meeting open.

With me on the platform are your Directors, alongside Mark Chapman, the Secretary of the Society. Brief details on each Director were sent to you with your voting papers in our re-vamped Review of the Year. We worked hard this year to give the Review a more member-friendly feel – while still providing you with the information you need to understand how we are doing, and also to meet our statutory obligations.

We also have local colleagues from the region here with us today. Heather Hazley and her team will be available in the hall later to help you with any queries.

In the marketplace, you will find a number of stands with information about fraud prevention and information security, hot topics for all of us today.

We also have a stand on our 135-year heritage, and another on the good work we are doing through our social investment programmes, nationally and locally, funded by the 1% of pre-tax profits that members voted to donate to good causes each year. This includes a £1.2 million investment in Fair Housing Futures, a project to help vulnerable tenants living in privately rented accommodation here in Greater Manchester.

For the first time, we've also got a 'Meet the Directors' stand, where we will corral a handful of Directors at the same time so that you can find us more easily. Please do come and chat to us over lunch. We really do want to hear your views on the Society and how we are doing.

Today's meeting will follow the same format as previous years. Our Chief Executive, Joe Garner, will give a full performance review of the 2018-19 financial year. After that we will move to the formal business of the meeting, where we will take your questions on mass and vote on the resolutions outlined in your AGM papers.

But I would like to start by summarising the Board's view on how the Society is doing, and to report also on the work of the Board over the past 12 months.

The Board's role is to set the medium and long term vision for Nationwide, to be a guardian for Nationwide's culture and values, to oversee performance and our attitude to risk, and to support and challenge management.

As a member-owned Society, we will only be successful if we listen to and meet the needs of our members today and in the future. That's why our AGM is such an important day in our calendar. You have the chance to hear our own assessment of how the Society did last year. As importantly, we have the chance to listen to you and answer your questions. This is genuinely important to us – which is why we don't only listen on one day a year. In the last 12 months, our Directors have hosted 11 member talkbacks around the country, and another 8,000 members have engaged with us through our growing online Member Connect forum.

Your Directors also invest considerable time visiting the Society's operations to hear at first hand the opportunities and challenges faced on a day-to-day basis. For example, I have had the pleasure of visiting places as different as Kendal, Edinburgh, Erdington, Esher, Tamworth, Wakefield and Newbury amongst many others. One of the delights of my role is to meet colleagues from across the Nationwide team, and where appropriate to celebrate their contribution. Only last week we recognised Nick Giddings at our annual awards event for a fantastic 50 years' service to the society. Another example was in Surbiton branch, where I met Indira who is about to retire after serving members brilliantly for 46 years. In fact, we've invited her here today to celebrate her long-service before she retires next week. You epitomise the service we strive to deliver each day and I would like to thank you, and all the 18,000 colleagues who support our members so well.

I would like to thank every member who takes the time and trouble to engage with us. We don't just hear your views, we also act on them. Your input really does make a difference. For example, it was your enthusiastic support for our branch network that prompted our 'here today, here tomorrow' branch promise, as well as our decision to launch a business account, to name but a few.

While members agree on many things, with nearly 16 million members, people's views inevitably differ. From our interactions, it is clear that there are a couple of recurring issues where members wish we could do more. A good example is on interest rates, where savings members want higher interest rates, and homebuyers lower ones.

The Board is acutely conscious of the impact of exceptionally low base rates on the interest received by our saving members. Indeed, we have made conscious decisions to protect savers with the best rates we can afford, and which are significantly higher than the market average. But there comes a point where we must make decisions that are in the interests of the Society overall. This is just one example of the difficult decisions we must take to balance the interests of members today, alongside the need to maintain our financial strength and to invest to ensure we are able to meet the needs of future members.

Last year's performance shows how the Society has achieved that balance.

We are financially safe, secure and profitable, fulfilling our core responsibility of being a safe home for our members' finances.

We have grown our membership base to a record 15.9 million people, and also deepened our relationships as more members chose us for more than one of our products. We succeeded in increasing both our deposits and lending by fielding very good rates in a highly competitive market. As a building society, we chose to forgo some of our profits to protect savers with better than average rates, whilst retaining sufficient profit to keep your deposits safe and maintain a strong business.

We know that members come to and stay with Nationwide because they value things other than money. They appreciate the service we provide in our branches, call centres and digitally, and our values as a mutual. We track our service against our competitors and against the UK's best businesses and are proud that we remain ahead of our peer group on service<sup>1</sup>.

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<sup>1</sup> © Ipsos MORI 2019, Financial Research Survey (FRS), 12 months ending 31 March 2019 and 12 months ending 31 March 2018, c.60,000 adults surveyed per annum, proportion of extremely/very satisfied customers minus proportion of extremely/very/fairly dissatisfied customers summed across main current account, mortgage and savings. Peer group defined as providers with main current account market share >4% (Barclays, Halifax, HSBC, Lloyds Bank, NatWest, Santander and TSB).

So although we are operating against a very uncertain backdrop, I think it is clear that the Society is succeeding on many different measures.

We are also operating in a fast-paced, rapidly changing digital world. We knew we would need to make a significant additional investment to develop the digital technologies we will need if we are to serve our members as well in the future as we do today. So from a position of strength, we committed £1.3 billion in additional technology investment over the next five years. We are also investing in our branches to ensure they remain relevant tomorrow, as well as our digital channels.

So this is how we sought to balance the needs of members today, whilst maintaining our financial strength and investing for the future last year. Our Chief Executive, Joe Garner, will give you a lot more detail in a moment.

I'd like now to report back on the work of the Board that I am proud to chair. I am very mindful that we need to challenge ourselves as a Board to be our very best. We evaluate our own performance annually, and every three years we invite an external party to carry out their own 'warts and all' review. This time last year, Niall Fitzgerald KBE, a vastly experienced Board Chairman, had just completed his external review.

We were gratified that the Review found that the Board to be operating very effectively with the right balance between challenge and constructive debate.

We have adopted the key recommendations, which were to increase our attention even more firmly on the changing competitive dynamics and our strategic response, including the nature and quantum of risk we are willing to bear; and to monitor and stretch our talent pipeline to ensure we are growing the next generation of leaders.

Our Board benefits also from the diversity of views, backgrounds and experience of its directors and we remain committed to increasing the diversity of our Board and across the Society. While the Board has met or exceeded all the benchmarks set for listed companies on gender and ethnic diversity, across the Society there is more work to do to ensure that we are truly diverse. I am pleased to report that we have appointed Baroness Usha Prashar as the Board's sponsor of the Society's diversity and inclusion agenda.

There are some Board changes that I'd also like to advise you of. After eight years of service, Mitchel Lenson will retire as a non-executive Director today. I would like to thank Mitchel most sincerely on your and the Board's behalf for his wise counsel to the Board over the last eight years, and to wish him well for the future. He has made a real contribution.

We are pleased to welcome Albert Hitchcock to the Board as a non-executive director. Albert has a wealth of experience in digital change and technology transformation. This will be of immense value to the Board as we oversee the Society's technology strategy.

Mark Rennison, our finance director, has also advised us of his intention to retire in the autumn. We will have the opportunity to say thank you to Mark on later occasions but in the meantime, I would like to put on record the immense contribution Mark has made to the Society over the past 12 years. I am pleased to confirm that Chris Rhodes will succeed Mark as the Society's CFO once we have received regulatory approval. Chris is a chartered accountant and experienced finance director with a deep understanding of mutuality and the Society. He has been a Director of the Society since 2009 and has led the Product & Propositions area with distinction, delivering sustained value to members.

Finally, for those of you who have come to our AGMs before, you will know that I won't finish without saying a few words about the quality of our people and our senior executives, and how they are rewarded.

Recruiting and retaining leaders with the skills and experience to lead the Society is not an easy task. We are a major financial business – bigger, in fact, than the rest of the building society sector put together. We have nearly 16 million members and we are entrusted with £1 in every £10 saved in the United Kingdom.

Executives with the right skills, experience, and critically, leadership and personal values, who can shoulder the considerable responsibilities of leading a business of our scale are not widely available, and they are in very high demand. On top of the prudent management of our members' money, our executives are also ultimately responsible for the livelihoods of some 18,000 colleagues.

Our approach to pay takes into account our mutual status and our commitment to create a policy which is aligned to our members' interests. We aim to apply our pay principles to everyone in the Society, including our most senior leaders. Our shared reward scheme across the Society links variable rewards – the amounts linked to performance – to challenging targets on service, deepening member relationships and sustainable cost savings. We do not incentivise anyone in the society to grow profits. Four years ago we introduced a 'living pension', significantly increasing our contributions to employee pensions to up to 16 per cent of salary. Over the next two to three years, our Executive Directors' pension allowance will come into line with the Society overall. As a first step the pension allowance for executive directors reduced from 33% to 24% of salary with effect from 1 April 2019.

In choosing our executives, and how we pay them, we must balance taking a stand on pay with the need to attract the right people to lead the Society now, and in the future. We do this by setting senior executive base salaries at around market rates, but their variable compensation at a materially lower rate than they would be able to command at a listed firm. Overall, this results in a total pay package that is lower than comparable financial services and other non-financial services businesses. I know the sums remain large overall, reflecting the high levels of responsibility the roles carry, as well as pay levels in other very large businesses.

I am acutely aware this is a subject of considerable interest to our members and that it attracts widely differing and strongly held views. As such, it is one of the most difficult judgements the Board has to make. But it is my job to tell you honestly that it is in your and the Society's interests that we employ the right people, and that much as we might like to, we cannot totally ignore the market for talented executives. To do so would, in my judgement, be a false economy.

Finally, I'd like to say a few words about the outlook as your Board sees it.

Our Society has held its own in the last year, despite intensifying competition both from new entrants, and from familiar rivals. However, we cannot close our eyes to the challenges we face on a number of fronts.

Last year, we chose to compete in the mortgages and savings markets, which resulted in a further reduction in our net interest margin – the difference between what we pay on savings and the interest we charge on mortgages. We expect competition in our core markets to remain intense.

The speed at which people are adopting digital technologies in every aspect of their lives requires any serious business to invest to meet new expectations and needs. Last year we made the decision to invest in the future of the Society so that we can continue to fulfil our purpose and serve our members well into the future. We made this decision knowing it would impact our profit in the short to medium term and we saw that start to come through in our year-end numbers.

On top of this, we are living through a period of acute political, and therefore economic, uncertainty. As politicians try to resolve the Brexit impasse, it is a sad truth that our prolonged exit is dampening business and consumer confidence, and holding back the housing market, all of which are important to our business.

Against this backdrop, it is more important than ever that we make decisions prudently, to ensure your Society remains successful in the years ahead. The Society has met many challenges in its 135-year history, and your Board believe we are well placed whatever the economic and political environment ahead.

I would like to close by thanking our members for their support for the Society, and on your behalf, I would like to thank Nationwide's people, who make a difference every day.

Now, let me hand over to our Chief Executive for his Review of the Year.

Joe...

#### **CEO: Joe Garner - Review of the Year**

Thank you David. Can I take this opportunity to congratulate you on behalf of Nationwide Building Society on being awarded a CBE in the recent Queen's Birthday Honours in recognition of your contribution both to the NHS and financial services.

I'd also like to say thank you to you our members for your ongoing support, and also thank you to our people.

It's a privilege to be able to report to you on another successful year for our Society.

Let me recap briefly on our purpose and strategy.

Nationwide was founded for a social purpose. For 135-years, we have been supporting members and communities, a purpose that we describe today as 'building society, nationwide' – helping members make the most of their money and their financial lives. We run the Society in the interests of our members today and in the future, and I hope to show you how your interests shape our decision making – for example we know from our Talkbacks and other interactions how passionately members and communities feel about our branches,

which is why we pledged recently to keep a branch in every town or city where we have one today for the next two years. This will bring much needed certainty to high streets and to our members and we hope to see higher deposits flowing through our branches to ensure their sustainability in the long term.

Five cornerstones underpin our purpose. They guide what we do and how we do it. As I did last year, I'm going to report to you on how we're doing against each of these cornerstones.

I'd like to start my performance review with a quick recap on our three most important key performance indicators. These were chosen to make sure we never forget the most important things we offer members as a building society – namely excellent service, better value, and financial strength.

We've performed well against each of these targets. Now let's take them in turn.

### **Building thriving membership: helping more members make more of their money**

Building thriving membership. This cornerstone is about how we help our members make more of their money. The more members we help, the bigger difference we can make – and today, we have 15.9 million members, our highest ever membership.

Customers become members when they choose us to help them buy a home, save, or manage their everyday banking. So mortgages, savings and current accounts are the beating heart of our relationship with our members.

We lent more to help people into a home last year, with gross lending at an all-time high. Enabling home ownership has been a core part our purpose since our founding days, so we are particularly proud of our support for first time buyers. We helped a record 77,000 people into their first home last year, which is one in five of all first-time buyers in the UK. We also recognise that homeowners' needs change over their lifetimes, so we are expanding home loan choices – for example, offering Later Life Lending options to retired members.

This is a ground-breaking initiative as we've become the first mainstream provider to offer a full range of later life lending products, and our members have access to qualified advisers to help them make informed decisions that are right for their individual circumstances.

We continue to support our saving members. As you know, the interest we pay our savers comes from the interest we charge borrowers, so low mortgage rates do constrain us. However, by growing our mortgage business strongly last year we were able to maximise our ability to pay better savings rates. We kept our average deposit rates 50% above the market average, and paid savers £1.3 billion in interest last year. We want to reward loyalty with distinct products and were pleased that half a million people opened our new Single Access and Loyalty ISAs. Overall, our deposits grew strongly, by £6 billion.

We are helping more people than ever before to manage their everyday finances, with nearly 800,000 new current accounts opened. This took our market share of main current accounts to 8% for the first time in our history, a real milestone for us.

Growing our share of main current accounts from 6.4 to 8% in five years is a success story we seek to replicate in the coming years with small businesses. Members have asked us many times when we would launch a small business service, and the answer is that we will soft launch at the end of 2019.

We've been working on our small business proposition for some time, and I'm pleased to report also that we were successful in our bid for funding from the scheme to increase competition in business banking, financed by RBS. In a real endorsement of the value of mutuality in financial services, we were awarded £50 million in funding. This will benefit the Society and our members and will help us accelerate the launch of services for small firms.

We have been focused on broadening and deepening relationships with our members, and our 'committed members' – those with two or more of our products – grew by 5% to 3.4 million.

### **Built to last: keeping our Society and our members' money safe**

Turning to our next cornerstone, Built to last. This is about ensuring we run a financially secure and low risk Society, providing a safe home for our members' money. We have a financial performance framework that helps us achieve the right balance between maintaining our financial strength, giving extra value to members, and investing in our future, taking into account member needs, the state of the economy, and our view of the future.

Financially, we are very strong. Our capital position – the funds we set aside as a cushion against unexpected events – are above our own targets, as well as regulatory minimums. As predicted, based on year end numbers our UK leverage ratio reduced to 4.5% from 4.9% when we redeemed our Additional Tier 1 capital instrument last month, but remains above regulatory requirements and in line with our expectations.

I've said before that we want to manage our expenses and invest our money carefully, and we are pleased that although we grew our business last year, we managed to keep our day-to-day costs broadly flat.

We are a member-owned Society and, as you know, our aim is to make sufficient profit to run a safe and stable business, and beyond that to invest in member value and our future. Last year, we made two decisions that prioritised our members' interests, in the short and long term.

The first was our decision to protect savers by keeping average deposit rates 50% higher than the market average, while still offering competitive mortgage rates to new and existing members. As you've seen, we performed very strongly as a result, and for the second year, our member financial benefit exceeded our threshold of £400 million by a significant margin – reaching £705 million last year, higher than in any of the last five years. However, it meant also that our net interest margin – the difference between the rates we pay on deposits and charge on mortgages – fell.

The second factor is our decision to invest in the future of the Society. Last autumn, we announced that we would invest an extra £1.3 billion in technology over the next five years, to make sure we can keep meeting our members' needs as well in the future as we do today. I will talk a bit more about this investment later, but in the first year this has obviously impacted on our profitability, which was therefore lower at £788 million.

### **Building legendary service: striving to serve our members better every day**

Turning now to our third cornerstone, building legendary service.

As a member-owned Society, there is a genuine and resonant member focus throughout our organisation. Perhaps because of this we have kept our place as no 1 for service among our peer group for seven years<sup>2</sup>, and our current account satisfaction is 10 percentage points ahead of our nearest peer group competitor<sup>3</sup>. We have started measuring ourselves against industries Customer Satisfaction Index, where we are in the top ten. Last month we also won the Which? Best Banking Brand for the third year running – and incidentally, for only the third time in our history.

Although we've achieved these long-range targets in the year just gone, we think we can do even better, especially as technology continues to open up new ways for members to engage and transact with us.

We continue to invest in delivering better service through whichever channel members choose to engage with us. As well as the branch promise I mentioned earlier, we are also investing in transforming our network to

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<sup>2</sup> © Ipsos MORI 2019, Financial Research Survey (FRS), lead held over seven-year period covering 12 months ending 31 March 2013 to 12 months ending 31 March 2019, c.60,000 adults surveyed per annum, proportion of extremely/very satisfied customers minus proportion of extremely/very/fairly dissatisfied customers summed across main current account, mortgage and savings. Peer group defined as providers with main current account market share >4% (Barclays, Halifax, HSBC, Lloyds Bank, NatWest, Santander and TSB). Prior to April 2017, peer group defined as providers with main current account market share >6% (Barclays, Halifax, HSBC, Lloyds Bank (Lloyds TSB prior to April 2015), NatWest and Santander).

<sup>3</sup> © Ipsos MORI 2019, Financial Research Survey (FRS), 12 months ending 31 March 2019, c.60,000 adults surveyed per annum, proportion of extremely/very satisfied main current account customers minus proportion of extremely/very/fairly dissatisfied main current account customers. Peer group defined as providers with main current account market share >4% (Barclays, Halifax, HSBC, Lloyds Bank, NatWest, Santander and TSB).

create a more welcoming, open-plan and tech-enabled experience. Over 100 branches have had a makeover so far, including our larger, centrally located branch here on Market Street.

With over two and a half million digitally active members, it's clear that our members also want and expect state of the art digital convenience. We've introduced new digital functionality on our app, such as setting up new payees and standing orders and freezing and un-freezing potentially lost or stolen cards.

We've also redesigned some of our processes to make it much quicker and easier to open a current account or take out a mortgage. Again, we'll be extending improvements like this across our products over the next few months. Our technology investment will also help us go further, faster in developing digital services.

#### **PRIDE: creating the right culture to do the best for our members**

Turning to our fourth cornerstone, Building Pride.

We've long believed that creating a culture where our people are engaged and empowered is a cornerstone of our success.

Five core values that underpin our PRIDE cornerstone – they are the values we strive to live and breathe every day, and which guide how we treat our members and each other.

We're fortunate to have a strong culture and committed people, as you may know from our very high employee engagement score. But in our rapidly changing world of work, we knew it was time to develop a new people strategy to make sure our people are equipped to succeed, grow and develop their careers.

We know that people perform at their best when they have a clear purpose, and feel trusted to contribute, and have the space and encouragement to do so. So central to our people strategy is what we call internally, 'accountable freedom. If you would like to know more about what this means in practice, I would invite you to speak with some of our people today.

Our people strategy is also about developing leaders not just among our senior employees, but at every level of the organisation so that people are stretched and ready to take on new responsibilities.

Finally, it's about making learning and development an integral part of our working lives. We need to develop our technology skills, and are investing in both training colleagues in new skills and recruiting up to 1,000 technology specialists to support our technology investment.

In one area, which David touched on earlier, we are not making all of the progress we hoped: our ethnic diversity at senior levels. Back in 2015, the Society set itself challenging senior management diversity targets because we genuinely believe that having a diverse range of people and views at every level of the organisation is the right thing to do, and good for business.

We're pleased to have met our gender target early and are proud to have one of the highest ratios of women in senior management in our industry. And we also expect to meet our disability target by next year.

However, despite great efforts we expect to miss our target of having between 8-15% of senior roles filled by black, Asian, and minority ethnic employees by 2020. To address this, we've created a Strategic Diversity and Inclusion Action Group, and appointed a senior manager in each area of the Society to report against. We are also broadening our diversity agenda and putting in place new processes to make sure we are an attractive employer to a wide range of people, including those with different learning needs and from different backgrounds. For example, we are working with a charity called the Marketing Academy foundation to support young people from disadvantaged backgrounds into the workplace. I will report on our progress next year.

### **Building a national treasure: supporting communities and making a difference**

And so to our final, and possibly most ambitious cornerstone, building a national treasure. This cornerstone is about making sure all our activities translate into a valuable contribution to the communities where we live,

work and serve. Ultimately, it will not be for us to judge whether we have succeeded – it will be up to members and the public to decide if we are a trusted force for good in our communities.

So what have we done in the last year?

First, we've continued to help more people find a place fit to call home, through our Community Grants programme. Last year, we gave almost four million pounds in grants to over 100 housing-related projects across the UK, including almost £500,000 to housing projects in this region. Importantly, the decisions about which projects we support are put in the hands of local members, giving you a say in how we give back to our communities locally. Local members chose to support charities like The Bond Board which helps re-house and/or support homeless households in Greater Manchester. As well as offering financial support, our people are getting behind these projects too. Colleagues from our Rochdale branch, led by Michaela Chay, attend monthly drop-in sessions with The Bond Board, and have supported individuals in opening their very first bank account, which is one of the main barriers vulnerable groups face. Other projects members chose to support were the Wirral Churches Ark project which provides emotional and practical support for women released from prison, and Sheffield's Roundabout charity, which helps vulnerable young people into their own homes and provides them with a network of support to make a success of it. The housing shortage continues to be front of mind for many, particularly the need for more affordable, quality homes. So I'm delighted to confirm that in Swindon, where we are headquartered, we're testing new ways to increase the supply of housing by building homes that people want and need, without taking a profit.

Last week we secured planning permission for our Oakfield development. This will create a new multigenerational community of 239 homes on a brownfield site. The next step is to appoint contractors so we can break ground by year-end and welcome the first residents in 2021. We intend to document and share our learnings to inspire other responsible businesses to take part in similar housing and community initiatives.

We're acutely aware that one in five people, including many members, live in privately rented accommodation. Having established a cross-industry Partnership Board to improve the quality of rented homes, we actively promote tenants' interest. Last year, for example, we backed a bill to let tenants bring claims against landlords for poor quality homes.

Money management is a key life skill, but there are many in the UK who are only just coping financially, and we want to help them. We've challenged the dynamic financial technology – or FinTech – community to develop apps and other services to help people manage their money better, using Open Banking technologies. Fifty firms applied for funding, we shortlisted seven, and we are now taking five forward and funding to bring their solutions to market.

Finally, although acting responsibly as a business has always been integral to who we are and what we do, we have not systematically reported on it before. That will change. This year we are publishing our first responsible business report online, and we have also established a new responsible business committee. Our deputy CEO Tony Prestedge will chair this committee and develop our responsible business agenda further.

### **Succeeding today, investing for tomorrow**

So I hope you can see that we have had another successful year, and I want to thank you all on behalf of the management team for your continued support for our Society.

However, we all know that success today is no guarantee of success tomorrow and I want to finish by talking about our view of what we need to do to succeed in the future.

For every generation of leaders, the challenge is to reinterpret the values and purpose of mutuality for the world we are operating in today.

Those of you who joined our AGM last year might remember that one member asked why he had received a letter from us congratulating him on 38 years of membership, when he had in fact been a member for more than 50. The answer was, quite simply, that his membership pre-dated our digitised records. We were able to correct this, happily.

This member, and probably many others present, joined a Society whose purpose and values are I hope still recognisable today, but whose capabilities and technologies have evolved hugely.

Many of you – I hope – will have encouraged your children and grandchildren to become members. It is our job to ensure our Society is fit to serve their needs, and offer a mutual alternative to the shareholder banks, whatever the future holds.

That future contains a number of challenges. It's hard to be optimistic about the near-term outlook for the economy. We also face competitive challenges from new entrants AND resurgent old rivals. And technology is rapidly increasing the expectations of consumers.

One of the central challenges for every leadership team is striking the right balance between the needs of members today AND tomorrow. Every person in the room would like higher savings rates today, but we also need to build a Society that will be here to serve your children and grandchildren's needs in the future.

And that means investing now in the technologies that might seem extraordinary today but will be everyday features of our financial lives in a few short years.

This is why we're making a significant additional investment in technology. This investment will let us enhance our service and propositions. It will allow us to simplify and improve our technology infrastructure, improving our resilience and efficiency. And it'll allow us to innovate to meet new member needs, as we are doing with

the launch of Nationwide for Business. As this is new territory for us, we're taking the opportunity to build an entirely new platform to serve small firms using next generation technologies.

So we are excited by the potential that this investment will unlock. Over our 135-year history, Nationwide has succeeded by evolving to meet the changing needs of members, and today is no different.

Delivering good value products and propositions to members will remain a priority, but we also need to look to tomorrow and ensure we grow sustainably. That means investing in the long-term strength of the Society so that we can continue to compete and serve our members' changing needs.

Last year was one of the strongest-ever years for performance and growth. It was a year where we maximised our ability to pay savings by growing our mortgage book strongly. Some years we can maximise savings interest by prioritising mortgage growth. Some years it is better to prioritise mortgage margin. I cannot predict the future but whatever the future looks like, we will put the interests of our members first. We are financially strong, we are thriving with our members, making conscious decisions now to ensure that the Society can help members make the most of their money well into the future, as we've always done.

Thank you for listening. Now let me hand you back to David who will take us through the formal business of the meeting.

### Chairman: Formal business of meeting

We now move to the formal business of the meeting, which is to consider three ordinary resolutions and the election and re-election of 13 Directors, 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 there's also a copy in the packs that were available on the way into the meeting and which you can also collect after the event.

The Voting Form sets out the Board's voting recommendations, however to assist members I will highlight the Board's recommendations in relation to each matter to be considered at today's meeting.

With your agreement, I propose to take the Notice of Meeting as read.

[PAUSE]

[If anyone objects to this, the Notice of Meeting must be read out in full.]

Thank you

After I've formally proposed each of the resolutions and the election and re-election of Directors, I will invite all your questions together. This will help the meeting to run more smoothly and will allow more opportunity for open dialogue on any of the agenda items. Voting will take place after the question and answer session.

I will call for a poll on each resolution and on the election and re-election of Directors. This will enable the votes of all voting members, including those voting by proxy, to be included in the count by our independent scrutineers, Electoral Reform Services. The formal declaration of the results verified by our scrutineers will be published as soon as they are available after the meeting.

As a reminder, in the Notice of AGM leaflet, we outlined a timetable for the proceedings today. We anticipate that the meeting will end by approximately 1.15pm, subject to the number of questions asked. A light buffet lunch will be served after the meeting has ended.

### [\[ANNUAL REPORT AND ACCOUNTS\]](#)

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 2019.”

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

### [\[DIRECTORS' REMUNERATION REPORT\]](#)

The second resolution is to approve the Report of the Directors on Remuneration.

On behalf of the Board, I now propose the following resolution:

“TO APPROVE THE DIRECTORS’ REMUNERATION REPORT FOR THE FINANCIAL YEAR ENDED 4 APRIL 2019.”

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

### [APPOINTMENT OF NEW AUDITORS]

The third resolution is to appoint the auditors.

As a building society, we are required by law at each AGM to appoint external auditors who hold office until the end of the next AGM. Following a rigorous audit tender process and on the unanimous recommendation of the Audit Committee, the Board is proposing the appointment of Ernst & Young LLP in place of our current auditors PricewaterhouseCoopers LLP who have held office since 1991.

On behalf of the Board, I now propose the following resolution:

“TO 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.

### [ELECTION AND RE-ELECTION OF DIRECTORS]

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

During the last financial year, Albert Hitchcock was appointed to the Board and stands for election at this year's AGM. Mitchel Lenson has been a Director on the Nationwide Board since July 2011 and is stepping down at the end of this meeting. His exceptional leadership track record and in-depth knowledge of technology and financial services have been invaluable and his expertise has deeply shaped our Society over the last eight years. On behalf of the Board and management I would like to thank Mitchel for the contribution he has made to the Society and we wish him well for the future.

All the other Directors are standing for re-election today. Details on each Director standing for election and re-election can be found on the AGM Voting Form. I can confirm that, following a formal performance evaluation, each of the Directors seeking election 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 Lynne Peacock to propose the resolution in relation to my candidacy.

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 ALBERT HITCHCOCK AS A DIRECTOR AND
- TO RE-ELECT RITA CLIFTON, MAI FYFIELD, JOE GARNER, KEVIN PARRY, LYNNE PEACOCK, USHA PRASHAR, TONY PRESTEDGE, MARK RENNISON, CHRIS RHODES, TIM TOOKEY AND GUNN WAERSTED 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 Lynne.

**[LYNNE PEACOCK]**

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 DAVID ROBERTS AS A DIRECTOR"

**[Hand back to Chairman who continues the proceedings]**

Thank you Lynne

**[QUESTIONS]**

At this point, and before we proceed to the vote, I would like to invite your questions on any of the resolutions which have just been proposed, and also on the election and re-election of Directors.

Feedback from members at previous meetings has shown that members would like time to be given to those members wishing to ask questions as opposed to making speeches, so I encourage members wishing to ask questions to be concise, so that as many members as possible have the opportunity to raise their points. Thank you in advance for your co-operation on this, which is in direct response to member feedback.

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 your individual circumstances aren't important, but rather because they can be dealt with more effectively by talking to one of my colleagues here today who are here

to help you. All the Directors, including Joe and myself and our senior colleagues, will be available at the end of the meeting and at lunch. Please do take the opportunity to talk to us.

There are roving microphones in the hall today. If you have a question please put up your hand and I will direct a steward to you. If you have told us that you don't want to appear on the video, you can still ask a question so please put your hand up. You may then either ask your question and have your voice on the recording, or you can write the question on the card you've been given and one of our team will read it on your behalf.

I will try to ensure that I cover all those who want to ask a question and will take as many questions as possible. Now, may I have the first question? May I ask you to please preface your questions with your name.

*[Continue until no further questions or propose the following to cut short the question time:]*

I am conscious of the time. This is your meeting, and I am happy to stay as long as people want to stay but I am just going to have a show of hands to find out who wants me to bring the meeting to a close shortly and who would like the meeting to carry on for more questions, for another half hour or so. It is up to you.

All agreed on whether I should take a vote on a show of hands?

**[EITHER]**

A show of hands please on who feels ready to finish the meeting and who would like to carry on: ready to finish? Let's carry on? Those 'ready to finish' have it.

[OR]

Is there anyone who feels they have a really important question that hasn't been asked today? [FORMAL

VOTING]

I will now move on to the more formal part of the proceedings.

I NOW DECLARE THAT THE VOTING ON EACH OF THE RESOLUTIONS IN THE NOTICE OF MEETING AND FOR THE ELECTION AND RE-ELECTION OF DIRECTORS WILL BE TAKEN ON A POLL.

Members who have not already voted and are eligible to vote and wish to do so in person, will have been given a voting paper on entering the meeting. The voting paper lists the resolutions and the candidates for election and re-election as Directors.

Please put an 'X' in the appropriate box alongside each resolution and please ensure that you sign your Voting Form.

In the interests of transparency, showing on the screen behind me are the number of proxy votes that I have been asked to cast by members not here today.

The slide shows the number of proxy votes I've been asked to cast 'FOR' and 'AGAINST' each resolution. For those members who gave me discretion to vote as I see fit, I have 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. Paper copies of this slide are available for those members who would like one in the restaurant area.

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.

That concludes the formal business of the meeting, ladies and gentlemen.

Please place your voting papers in one of the ballot boxes by the exits as you leave the hall and move into the restaurant area for lunch.

The results of the polls on the resolutions and on the election and re-election of Directors will be published as soon as possible once they are available.

Thank you to everyone for the interest you have shown by attending today and for your questions. Please come and join us for refreshments in the restaurant.

Your Directors and senior managers will be available to talk to you, either at the Directors stand in the marketplace or mingling with you all. Please do take the opportunity to talk with us.

As there is no other business, can I thank you for coming today and I declare the meeting closed. Thank you.

**[CLOSE OF MEETING]**