

**YORKSHIRE BUILDING SOCIETY ANNUAL GENERAL MEETING 2018**  
**CHAIRMAN'S PRESENTATION**

Good afternoon ladies and gentlemen and welcome to the Annual General Meeting of Yorkshire Building Society.

Firstly, I would like to introduce myself, I am John Heaps, Chairman of the Society.

Before we begin the meeting, there are a couple of housekeeping points to mention:

There is no testing of the fire alarms planned for today, so if the alarms do go off, please leave through the nearest fire exit and congregate outside, across the road from the main entrance of the hotel. There are plenty of signs to direct you and our people will be on hand to help. Secondly, could I ask you to please ensure that your mobile phones are switched off.

Thank you.

I would like to start this meeting by introducing your Board and Executive team. My colleagues who are here on stage with me are;

Mike Regnier, Chief Executive,

Alasdair Lenman, Chief Finance Officer,

Mark Pain, Non-executive Director, Senior Independent Director and Chair of the Audit Committee

Guy Parson, Non-executive Director and Chair of the Remuneration Committee

Neeta Atkar, Non-executive Director and Chair of the Group Risk Committee

The remainder of the Board are sitting on the front row. We have Non-executive Directors; Alison Hutchinson and Gordon Ireland. We also have Executive Director and Chief Operating Officer, Stephen White.

They are joined by the remainder of the senior executive team, Susana Berlevy, Chief People Officer; Charles Canning, Chief Customer Officer; Richard Wells, Chief Risk Officer and Greg Willmott, Chief Strategy and Digital Officer.

This is a meeting of the members of the Yorkshire Building Society and I would like to thank you all for coming here today - we really do appreciate it when our members are able to take time to join us.

I should mention that some members' relatives or helpers have also joined us this afternoon, these people are not entitled to vote or ask any questions at this meeting, however, I am happy that in the interests of openness they are welcome to join us. May I assume that is acceptable to everyone?

Thank you.

The Notice of the Meeting was sent to all members eligible to attend and I propose that it be taken as read. I trust this is acceptable to you?

Thank you.

Before we turn to the formal business set out in the Notice and voting on the resolutions, I would like to set out our agenda for this meeting.

- After I have said a few words about your Society
- Mike will give you an update on the Society's strategy, our performance to date and plans for the future,
- Alasdair will then outline our financial performance.

Alasdair, who joins us from Coventry Building Society where he was a Non- executive Director having also previously worked at Lloyds Banking Group, was appointed Chief Finance Officer and Executive Director in December 2017, and is standing for formal election by the members at this meeting.

I expect these presentations will take approximately 40 minutes. We will then have an open question session before voting on the items on the agenda, after which we will enjoy our afternoon tea where you will have a further opportunity to ask questions. Most importantly of all, I hope that you will find this meeting both interesting and informative.

Before I hand over to Mike I would like to say a few words about our Society and some of the challenges we face. Mike will then explain how we are addressing those challenges and he will also outline the strategy we are pursuing to do so.

First and most importantly, I am pleased to be able to tell you that the Society is in robust health with strong capital and liquidity ratios and a level of profitability which is sufficient for the capital we need as well as the funds to pay for our investment programmes. Of equal importance is the experience and skills of Mike Regnier's executive leadership team and the Board as a whole. These factors together mean we are very well placed to prosper in an increasingly competitive and complex environment. The challenges we face should not be underestimated. Here are a few of the more significant ones that a mutual focused solely on the members must address:

- The economic uncertainty caused by the ongoing Brexit process will take some years to resolve. The concerns that this creates for us are the possible impact of a down turn in the economy and in house prices.
- The competitive market place, with a return to the mortgage and savings markets of both the high street banks and the new challenger banks.
- In many ways most importantly the problems faced by our members and future members. Firstly savers who not only struggle to find the means to save for the future but are also impacted by the low interest rate environment, and then borrowers who benefit from low interest rates but have the difficult task of getting on and then moving up the housing ladder. The Council of Mortgage Lenders has estimated that by 2020 only a quarter of 30 year olds will own their own home.
- Finally, the impact of technology not just in terms of the investment required to keep pace with the market but the enormously important work to address the increasing threat of cyber-crime. Responsibility for protecting ourselves against this type of fraud rests with us all, and I would like to share with you a video of Richard Ramsden, our Information Security Manager, explaining how we can each personally protect ourselves.

I hope you found that useful. I will now hand over to Mike Regnier.

*[ Following presentations from the Chief Executive and Finance Director, the Chairman continued as follows ]*

That brings us to the end of our presentations, thank you Mike and Alasdair for your contribution.

I would like to echo Mike's words of thanks to our colleagues for their continued dedication, professionalism and the focus they show each day to achieve the Society's long-term ambitions, never wavering from a commitment to deliver an exceptional customer experience.

I would also like to say thank you to you and all our members for your continued support and loyalty to the Society.

Before we move onto questions, I would like to update you on matters relating to your Board.

Maintaining high standards of corporate governance is a priority for your Board and our approach is based on the principles of the UK Corporate Governance Code. This means we have a clear strategy which has customers at the heart, and strong risk controls in place. This ensures we provide our members with greater financial security and easy and simple solutions to their core financial needs.

There have been some changes to your Board in the last year and I would like to record our sincere thanks to those Directors that have left the Board. Dame Kate Barker, Robin Churchouse and David Paige each made a significant and valuable contribution during their time with the Society and have been instrumental to the success and growth of the organisation. We wish them all well for the future.

This year two new Directors joined your Board, Alasdair Lenman, who I have already introduced, and Neeta Atkar who I introduced at this meeting last year.

Now before we have our afternoon tea, we would like to hear all your questions and then we will vote on the items on the agenda.

*[ Following questions from members the Chairman continued ]*

We now turn to the formal business of the Meeting, which is to consider the resolutions on which you are being asked to vote as set out in the Notice of Meeting that was included at the back of the Annual Review 2017 that accompanied your AGM pack. These are;

- Resolution 1, which is an ordinary resolution to receive the Directors' Report, the Annual Accounts, the Annual Business Statement and the Auditors' Report for the year ended 31 December 2017
- Resolution 2, which is an ordinary resolution to approve the re-appointment of Deloitte LLP as auditor of the Society to hold office until the conclusion of the next Annual General Meeting
- Resolution 3, which is an ordinary resolution to approve of the Directors' Remuneration Report for the year ended 31 December 2017, and

Resolutions 4 to 12 which are to elect or re-elect as directors Neeta Atkar, Alasdair Lenman, myself John Heaps, Alison Hutchinson, Gordon Ireland, Mark Pain, Guy Parsons, Michael Regnier and Stephen White.

*[ The Chairman then explained the voting process and voting took place ]*

That now concludes the voting and I therefore declare the poll closed.

We have agreed to make a donation to our charity partner, End Youth Homelessness, of 15 pence for each postal vote received and 25 pence for each online vote. Current indications are that over £23,000 has been raised, so thank you very much for your support for this very worthwhile charity.

Because we have so many resolutions it will take about 30 minutes for the external scrutineers to count the votes recorded at this meeting and add them to the votes of members who are not present at the meeting and have voted by proxy. As I am sure you would rather be enjoying the afternoon tea rather than sitting in this room waiting for that length of time, I do have the results of the votes already cast by proxy prior to the meeting including those which I, as Chairman, have cast as proxy.

The voting on item 1 relating to the Directors' Report, the Annual Accounts, the Annual Business Statement and the Auditors' Report for 31 December 2017:

**98.95% voted in favour**

Voting on item 2 to re-appoint Deloitte LLP as Auditors:

**96.24% voted in favour**

Voting on item 3 to approve the Directors' Remuneration Report for 2017:

**90.29% voted in favour**

Resolutions four to 12 relate to the election and re-election of Directors. The results of these items are shown on the screen.

Based on all the voting results, I declare that each of the resolutions are passed.

When we have the final results, as verified by our scrutineers, taking into account today's votes, they will be displayed in the restaurant area, which will be in about 30 minutes time. They will also be available on the Society's website tomorrow and in our branches from Friday.

I would like to thank you sincerely for your attendance today and for the thoughtfulness of your questions which are much appreciated. As I have already stated, listening to our members is very important to us and I can assure you that we will carefully consider all the comments you have raised today.

So, subject to the confirmation of the final voting results, that concludes the formal business of the meeting and I now declare the meeting closed.

Thank you again for attending and participating today.

I hope you are now able to join us for afternoon tea which is being served in the restaurant which is just outside this room, and after that, I wish you all a safe journey home.

Thank you.

*[ End ]*