



**WEST BROMWICH BUILDING SOCIETY
164TH ANNUAL GENERAL MEETING
29TH JULY 2013 – 2.00 PM
HELD AT WEST BROMWICH ALBION FOOTBALL CLUB**

Present	:	Mr M Nicholls	-	Chairman
		Mr J Westhoff	-	Chief Executive
		Mr J Ainley	-	Non-Executive Director
		Mr M Gibbard	-	Group Finance Director
		Mrs C Hafner	-	Non-Executive Director
		Mr A Jones	-	Group Risk Director
		Mr M Preston	-	Non-Executive Director
		Mr M Ritchley	-	Deputy Chairman
		Mr R Sommers	-	Non-Executive Director
		Mr C Walklin	-	Non-Executive Director

Members, guests and Society staff

1) OPENING THE MEETING

The Chairman opened the meeting by welcoming members to the 164th Annual General Meeting of the Society.

The Chairman confirmed that there were sufficient members present to form a quorum.

It was agreed that the Notice of Meeting be taken as read.

2) CHAIRMAN'S ADDRESS

The key points raised by the Chairman in the course of his address included the following:-

- The continuing success of the Society's 'Back to Basics' strategy, during a difficult and uncertain time for the UK economy;
- The sufficiency of the Society's Core Tier 1 capital ratio to meet regulatory requirements;
- Executive and Board remuneration remaining appropriate, adhering to both the requirements and the spirit of the Remuneration Code;
- Changes to the regulation of financial services firms, whereby the Financial Services Authority (FSA) had been replaced by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA); and
- The rising cost of regulation and FSCS levies, expected to amount to almost £4m in the current financial year.

3) CHIEF EXECUTIVE'S PRESENTATION

The Chief Executive's presentation included the following key points:-

- The challenging economic backdrop and the low interest rate environment which continued to erode the real value of savings but which had reduced the cost of borrowing to around half the level it was in 2008;
- The Society was working hard to pay the best savings rates it could but was unable to avoid the reality of falling market rates;
- Although the Society had again reported a loss, those losses had reduced for the fourth consecutive year;
- The continued strengthening of the Society's Core Tier 1 capital ratio, which had more than doubled since 2008, as riskier, legacy exposures were managed down;
- The PRA's recent introduction of a 3% leverage ratio. The Society's ratio, at over 6%, being well in excess of the minimum and also above the upper end of the range required;
- Extensive coverage of the Society's savings products in best buy tables and recognition by Moneyfacts;
- The increasing profile of the Society's mortgage products, which had also featured in best buy tables;
- An expectation that there would be a healthy volume of new lending completed in the current financial year;
- The variety of approaches used to obtain member feedback and the strong customer satisfaction scores reported from the Customer Experience Tracker, Members' ViewPoint events and real-time surveys;
- A further fall in the number of complaints reported and the very low percentage of occasions where the Ombudsman reached a different conclusion to the Society;
- The high cost of PPI complaints, despite the very small number of occasions where the Society was at fault;
- West Brom's support for the community, most notably through the Community Counts Scheme and the participation of staff, through a volunteering scheme, in community activities;
- Selection, by staff, of Marie Curie Cancer Care as the Society's nominated charity for the forthcoming year;
- A summary of the Society's principal achievements over the last four years, in particular; completion of the branch modernisation programme, introduction of an on-line savings offering and the implementation of a new mortgage processing system;
- The move to a new Head Office, to be constructed in West Bromwich, for occupation in early 2015;
- The Society's outlook for the future, emphasising the fragility of the economic recovery to date and drawing attention to the likelihood that there would be a continued period of low interest rates, with certain sectors, such as commercial real estate, remaining under intense pressure;

- The consequence being that interest earnings would remain suppressed and further losses from commercial loan exposures were likely, influencing the timescale within which the Society would return to profit; and
- The Society's significant progress, despite adverse economic conditions.

4) CHIEF EXECUTIVE'S QUESTION SESSION

Mr Westhoff invited questions on his presentation and members raised the following key matters:-

- The potential impact on house prices of government-backed lending schemes to support home buyers;
- The likelihood of a time limit being introduced for the submission of PPI complaints;
- Whether the Society would own the new Head Office;
- The nature of the guarantee provided by the Society to the Pension Trustee Board;
- The increase in the management expenses ratio;
- ISA products offered by the Society;
- The future of the Wolverhampton Branch;
- How the Society covered its reported losses and the level of available Reserves;
- Alternative business models to attract new retail deposits and retain existing funds and consideration of reductions in salaries and benefits;
- The rationale for a new Head Office;
- Retail outflows experienced in 2012/13; and
- Reductions in savings rates.

5) CHAIRMAN'S QUESTION SESSION

Mr Nicholls invited questions from members and the following key matters were raised:-

- Requirements for nominating candidates to stand for election as a director;
- The remuneration of non-executive directors relative to the number of meetings attended;
- Remuneration of executive directors relative to Coventry Building Society; and
- The deferred payment made to Mr Sharpe, the Society's former Chief Executive.

6) RESOLUTIONS AND VOTING PROCEDURES

The Chairman explained that in order for the many tens of thousands of members who had taken the trouble to submit proxies in the post and by internet to be included in the vote, he would be calling a poll on each of the first three agenda items – the Report & Accounts, Re-appointment of Auditors and the Directors' Remuneration Report.

He advised members that it was a requirement of the Building Societies Act that voting on the election of Directors was by poll.

Electoral Reform Services had been appointed to act as scrutineers in respect of the proxy voting forms submitted by post and internet, whereas for the purposes of the meeting, Mr John McErlean (Head of Internal Audit) had been appointed as scrutineer.

7) PUTTING THE RESOLUTIONS TO THE MEETING

The Chairman put each of the Resolutions to the meeting inviting any further questions as each Resolution was read out.

No further questions were raised in response to the first Resolution.

In response to a member's question concerning the second Resolution, the Chairman agreed to provide further information outside the meeting regarding the length of time for which KPMG had been appointed as the Society's External Auditors and the review process.

The Chairman noted, in response to a member's question regarding the etiquette to be followed in referring to his own re-election, that he had observed different approaches to the chairmanship in such circumstances. Given the volume of proxy votes already cast, he did not believe that relinquishing the Chair was necessary.

8) VOTING ON THE RESOLUTIONS

The Chairman invited members to cast their votes by completing the voting forms handed to them at registration, signing them and placing them in the ballot boxes provided.

9) ANNOUNCEMENT OF PRELIMINARY VOTING RESULTS

The Chairman advised members that the number of members who had submitted proxy voting forms by post and internet far exceeded the number of votes cast in the meeting. Therefore, rather than asking members to wait for the final figures to be announced, he proposed advising them of the outcome

of the proxy votes submitted by the post and internet and then closing the meeting.

The Chairman added that the final results, including the votes cast at the meeting, would be posted on the Society's website on the day after the meeting. Members who wanted to receive the final results by post were invited to leave their details at the Service Desk.

The Chairman announced that the results of the proxy voting forms sent in by post and internet were as follows:-

RESOLUTION	VOTING FOR
To receive the Report & Accounts	98.4%
To reappoint KPMG as Auditors	95.6%
To approve the Directors' Remuneration Report	87.8%
To elect Mark James Gibbard	94.8%
To elect Andrew Richard Jones	94.7%
To elect Mark Patrick Nicholls	93.6%
To elect Martin Howard Ritchley	94.2%
To elect Richard Francis Sommers	94.8%

As each of the Resolutions had achieved the necessary votes in favour, the Chairman declared that each of the Resolutions would be passed.

10) CONCLUSION

The Chairman concluded by thanking the members of staff who had assisted at the meeting and expressed his gratitude to the members who had attended the meeting. He then declared the meeting closed.

Mark Nicholls
Chairman
West Bromwich Building Society