

Chairman's and Group Chief Executive's Statement at AGM Tuesday 25th April 2006

Chairman:

Good morning, Ladies and Gentlemen and welcome to the 2006 Annual General Meeting of Bradford & Bingley plc. I am delighted that you have taken the time to be with us today in Bingley.

I am pleased to welcome two new Executive Directors here today who were appointed to the Board in the second half of the year, Chris Willford, Group Finance Director and Chris Gillespie, Group Lending Director, aged 42 and 43 respectively. They bring youthful vigour to the Board. I would like to take this opportunity to thank Rosemary Thorne, who left the Board in late 2005, for her contribution over the last six years. She saw the Group through a crucial part of its history, including the flotation.

2005 was a very successful year for Bradford & Bingley and that success was mainly attributable to the restructuring exercise we started in 2004. We have grown profits and continued the successful development of our Lending and Retail businesses. This is particularly pleasing given the extent of the changes that the Group has undergone in the last 18 months. Underlying profit increased 11 per cent to 310.1 million pounds and earnings per share increased 9 per cent to 35.4 pence per share. The Board has recommended a final dividend of 12.3 pence per share for payment on the 5th May. If approved today, the full year dividend

for 2005 will be 18.3 pence per share, an increase of 7 per cent on 2004.

In Lending, we had a strong performance with our total lending balances increasing by 7 per cent to 31.1 billion pounds. This growth was predominantly driven by our residential lending business where we grew balances by 10 per cent to 26.1 billion pounds, the Group's best ever net residential lending performance.

In the Retail business, we have made progress with simplifying and improving the customer proposition in our branches. Savings had a very strong year with balances increasing by 1.5 billion pounds to 17.7 billion pounds. The efficiency gains made in 2004 in our branches have been improved upon, and our partnership with Legal & General in respect of giving wealth advice has continued to be fruitful.

The cost saving initiative that commenced in 2004 has now been successfully concluded. This has led to a step change in the cost structure of the Group, driving profit growth in 2005 and allowing us to convert a higher proportion of income into benefits for our shareholders in the future.

There was a cost attached to the Group's reorganisation, last year amounting to 7.9 million pounds. The Board remains confident that this cost will be rapidly offset by the benefits of the substantial savings we achieved.

In common with most financial services firms across the market, we have experienced an increased level of claims for compensation for mis-sold investment and endowment products. This has exceeded the level we had previously provided, and a further charge of 38.7 million pounds was required. In 2004 the Group closed its independent financial advisory business which was responsible for selling these products.

The Group's continued success comes about as a direct result of the efforts of the people who work for the Group. We went through substantial change and saw many challenges during 2005. The commitment of all our employees has been exemplary during a testing period, for which I and the Board thank them wholeheartedly.

Bradford & Bingley's strategic aims are clear and the Group will continue to build our strong specialist lending business and improve our retail operations. We are stronger, leaner and better equipped to convert growth into profit.

I would now like to hand over to Steven Crawshaw, Group Chief Executive, who will comment further on our ongoing business and strategy and give you an update on current trading.

(pass to Steven)

Chief Executive:

Thank you Rod.

Good morning to you all... and again thank you for joining us this morning.

I am delighted to report that my ambitions for the Group in 2005 were fulfilled. The Lending business grew well, Retail continued to improve and the cost cutting programme was completed with a new, ongoing vigilance against unnecessary cost inflation now embedded in the business.

We are continuing to build on our proposition of lending in more profitable, specialist segments of the residential mortgage market. We believe that good growth and attractive margins are available in these markets and, by balancing innovative product design with prudent risk management, Bradford & Bingley will continue to prosper. We are unique as a lending institution in our preference for high-quality, specialist assets with a fully secured loan book and no exposure to unsecured consumer lending.

Within the specialist lending market, our two main products, buy-to-let and self-cert grew particularly strongly in 2005 and our view is that the growth of these markets is likely to keep on outperforming the wider market. These specialist areas continue to be supported by strong demographic drivers, a fundamental

shortage of housing stock and, in the case of buy-to-let, good demand from landlords for property, as well as from tenants.

We remain committed to strengthening our position as a leading player in the specialist lending markets. Our share of the buy-to-let market is around 20% and we are building on our strong positions in the self-cert and lifetime markets.

Within the Retail business, we have continued to improve efficiency by simplifying our sales processes. Savings showed an excellent performance during 2005. Balances have increased 9 per cent to 17.7 billion pounds. The bulk of this increase has come from our eSavings offering, together with a strong performance from our operation in the Isle of Man. In our branch-based accounts, we managed a significant volume of maturities during the year and improved our customer retention rates. I am particularly pleased with our Savings performance because of the stable funding it provides to the Lending business and the customers it generates for the other Retail businesses. Our relationship with L&G continues to develop and this arrangement offers good growth and income prospects.

I would now like to make the following statement in respect of current trading. This trading information will, of course, be announced to the London Stock Exchange simultaneously with its disclosure to you this morning.

The housing and mortgage markets continue to show considerable strength. The demographic drivers of our specialist markets remain strong. For buy-to-let, increasing job mobility, growth in the number of households and the rise in the student population are all important supporting factors. The growing number of self-employed and increasing job flexibility continue to support the self-cert part of our lending portfolio. For lifetime equity release, the increasing issue of inadequate pension provision suggests that this market has great growth potential.

Our Lending business began 2006 in a very good position and this strong momentum has continued throughout the first quarter, with the pipeline of new business remaining robust.

We continue to maintain strict underwriting controls with our credit quality and arrears levels remaining well within our expectations.

The Retail business has made a solid start to 2006 and our Savings business continues its strong performance, adding further support to the funding of our Lending business.

We have made a positive start to the year and we are comfortable with the mean consensus forecast in the market for our performance in 2006."

I will now hand you back to the Chairman to continue the meeting.

