

AGM 2023

Have your say



Leeds Building Society



Together, we're
helping **more people**
save and buy their
own home

As a mutual, we exist to serve and benefit our members – you.

Voting in our Annual General Meeting is your chance to have your say on how the Society is run - whether you save or have a mortgage with us.

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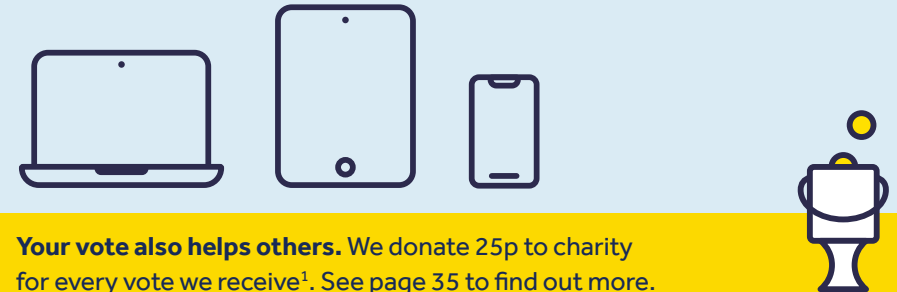
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How to vote

Voting online is easy

Just scan the QR code on the front page of your voting form, or go to leedsbuildingsociety.co.uk/voting and follow the instructions. You'll need the voting codes on your paper voting form or email.

Online voting is available 24 hours a day until 11am on Monday 17 April 2023.



Your vote also helps others. We donate 25p to charity for every vote we receive¹. See page 35 to find out more.

Other ways to vote

By post

Complete and return your voting form using the prepaid addressed envelope provided.

The form must be received by **11am on Monday 17 April 2023**.

If you choose to vote by post, please send us your voting form as early as possible – postal strikes and subsequent delays may mean your form reaches us after the deadline.

If you can't vote early by post, you can vote online by following the steps above.

In branch

Complete, sign and date the declaration in either the Quick Vote or Standard Vote section of your paper voting form, as appropriate, then take the voting form to any branch and place it in the ballot box by **Thursday 13 April 2023**.

In person

Attend the meeting at 11am on **Wednesday 19 April 2023** at the Leeds Marriott Hotel, 4 Trevelyan Square, Boar Lane, Leeds LS1 6ET.

¹When you vote you'll be able to choose if your charity donation goes to Dementia UK or the Leeds Building Society Charitable Foundation.

Why mutuality matters

What does being a mutual mean and how does it benefit you?

Unlike a bank, we don't have shareholders.

That means, we're owned by our members – you. You are the driving force behind everything we do.

The AGM is your chance to have your say by voting on how we're run. From the charities we support, through to which directors run the Society, your views matter.

As a member, you can vote on the re-election of directors, who will make decisions in your best interests.



We're in it together

Our borrowers and savers work together for the good of each other. Instead of paying dividends we reinvest our profits back into the business so that members benefit, now and in the future.

The money we receive from savers goes back into the Society to provide mortgages that support more people to get on or move up the property ladder. This means we can offer members competitive savings and mortgage products.

We also believe when people help people, good things happen. That's why we support communities, good causes, the Leeds Building Society Charitable Foundation and our charity partner, Dementia UK.

Money invested by savers is used to fund the mortgages of other members.

Mortgages provide stable, secure investments that reward our savers.

And, as we don't exist to only make a profit, we can focus on providing better rates for both savers and borrowers.



Chair's welcome

Last year was another year of exceptional turbulence and challenge for our members and colleagues alike. Our purpose of putting home ownership within reach of more people, whilst also offering a safe place for members' savings, is as relevant today as it was nearly 150 years ago when the Society was established.

I'm pleased to report that because of our clear focus, as well as the incredible efforts of our colleagues, the Society has delivered an a very strong performance for all its stakeholders.



Performance over 2022

The Society achieved an exceptionally strong financial performance in 2022 but, as a mutual, maximising profit is not an objective. Our aim over the long term is to optimise the delivery of benefits to members whilst generating sufficient profit to keep the Society secure, maintain our capacity to grow the business and invest for the future.

Last year brought significant new challenges as the cost of living crisis began to engulf the country with large increases in energy prices, rising interest rates and a rapid uplift in the rate of inflation. This was compounded by the impact of the Government's 'mini budget' which caused a considerable economic shock.

Our focus throughout the year was three-fold: we continued, in a responsible manner, to support borrowers get a foothold on the housing ladder; we helped those borrowers who are struggling in this difficult climate; and we supported savers by providing competitive products and by passing on increases in interest rates to a significantly greater degree than the high street banks.

The cost of living pressures also affect our colleagues, just as they do our members. As a result, we have also looked to protect them, particularly those colleagues on lower pay, with appropriate interventions during the year. The Society is committed to further investment in training, development and succession planning so that we continue to attract and retain the best people and allow them to fulfil their true potential with us.

We have also sought to play our part in providing additional support for the communities which we serve. We have showed our support in many ways. We have now raised over £500,000 for our national partner Dementia UK, as well as donating more than £100,000 to support the humanitarian disasters caused by the invasion of Ukraine. Supporting our members and the communities in which they live and work, is an integral part of our business.

We were honoured when His Majesty, King Charles III visited Leeds in early November to officially open our head office.

This was a very proud day for everyone at the Society and we were delighted that His Majesty took so much time to talk to so many of our colleagues. We will remember the visit with great pride and fondness.

Board changes

Following a successful handover from David Fisher, Neil Fuller started his role as Chair of the Board Risk Committee (BRC), from 1st January 2022.

After just over five years as non executive director, Lynn McManus stepped down from the Board in January 2023. Lynn has been offered a unique opportunity to take an executive role elsewhere and I wish her well with her new position. Lynn held the role of Chair of the Remuneration Committee since January 2019.

Annette Barnes, who has been on the Remuneration Committee since March 2021, will be appointed as the new chair subject to regulatory approval. Additionally, Annette will also take on the role as the designated non executive for colleague engagement, which includes both attending Colleague Association meetings and liaising with colleagues directly so their vital insight can be shared with the Board.

Due to the departure of Lynn, the Board asked David Fisher to extend his term into 2023. David has a vast amount of knowledge of the Society, which will provide the Board with additional resilience and continuity whilst we complete the recruitment of new non executive directors.

The hiring process has taken longer than anticipated, but we are committed to appointing the right people for these roles, so that the Board can continue to demonstrate robust and diverse thinking and decision making.

The Covid-19 pandemic prevented us from meeting members face to face in 2020 and 2021, so it was with great pleasure that we returned to an in-person AGM meeting last year.

Full details of this year's AGM are included in this voting pack and we welcome members' questions or comments relating to Board matters at any time – please email these to agm@leedsbuildingsociety.co.uk marked 'For the attention of Iain Cornish'.

Outlook

The UK is entering what is likely to be a period of recession, with continued high inflation rates causing ongoing pressure on household budgets. The likelihood of rising unemployment, flat or falling house prices, as well as much stronger competition in the mortgage and savings markets will all be factors for us to contend with in 2023.

The Society is a business focused on the long term and is in an extremely strong financial position. Whilst not sacrificing our resilience, we will use this strength prudently and responsibly to support our members and stakeholders through these difficult times. We will also continue to invest in our future.

And I finish by thanking you, the members, for your continuing support in 2022. I would like to thank our colleagues once again, and congratulate them on what they have achieved throughout the last 12 months. Through their support of members, intermediary partners, local communities as well as each other, they have contributed to what has been a very successful year for the Society.

Iain Cornish Chair

2022 highlights



Supporting home ownership

We helped **42,500** people buy a home – including **18,000** first time buyers.

Awarded **What Mortgage's 'Best Shared Ownership Mortgage Lender'** seven years running (2015–2022).

Withdrew new lending on Second Homes as part of our commitment to supporting home ownership.

£ Savings

We paid an average savings rate **0.50% above** the rest of market average.²

£80.5m annual benefit to savers.²

85,500 new savings members joined us.

Awarded the **Fairer Finance Gold Ribbon for Savings** for the fifth year in a row.

²CACI's CSDB, Stock, January to December 2022, latest data available. CACI is an independent company that provides financial benchmarking data for the retail cash savings market.



Sustainable communities

Supported **over 160** charities and community groups.

£974,038 awarded to good causes this year.

£209,292 raised for our charity partner, Dementia UK – taking the fundraising total since 2020 past £500,000.

£228,791 awarded to 107 charities through the LBS Charitable Foundation, supporting vulnerable people in need of a **safe and secure home**.

Delivered financial education sessions to **3,943 pupils** in 29 schools.

£108,000 raised for Ukraine emergency appeal.





Trust and transparency

Institute of Customer Service **ServiceMark** accreditation for customer service in our Contact Centre.



Financial Adviser Service Awards **5 stars** for Mortgages and Cash Investment 2022.



Awarded the **Fair Tax Mark** for the fifth year in a row.

93% member satisfaction rate.³

³Overall customer satisfaction in a survey of 3,387 members from January to December 2022.



Climate and environment

Certified as a **carbon neutral** company.⁴

Planted **3,391 trees** in partnership with Yorkshire Dales Millennium Trust.

Helped our members borrow more on energy efficient new homes, through our Green Mortgages.⁵

100% of our waste diverted from landfill.⁶



⁴Scope 1 and 2 emissions, and selected Scope 3 emissions by Climate Impact Partners for our 2021 emissions.

⁵Using detailed data about projected fuel bill savings for new build homes with an A or B EPC rating, we enabled members to borrow more than on an equivalent, less energy efficient property.

⁶Includes waste arising from core business activities conducted through our head office and branch sites, which excludes items such as redundant IT equipment. Excludes waste from three of our branches that are part of a shared building.

Chief Executive Officer's review of 2022

Richard Fearon reflects on 2022 and shares his thoughts on the year ahead.



How do you look back on 2022?

2022 was a difficult year for many people, with a cost of living crisis. We were therefore focused on how we could play our part in supporting our members. We've been able to deliver excellent results, and our support for the housing market was record-breaking, including strong support for first time buyers. We really pushed forward on our purpose of putting home ownership within reach of more people.

Alongside that we've done more than ever to support good causes and communities – including reaching our fundraising total of £500,000 for Dementia UK a year early, and the work we've done to support Ukrainian refugees, amongst other things.

I think it's been a strong year for the Society amid tough times for the economy and credit for that is due to our fantastic colleagues.

In 2022 you spoke in the media about issues affecting our members, such as the housing market. Why is that important to you?

For nearly 150 years, we've been here to help our members with home ownership. That's always been our purpose and there's an opportunity for us to have a real voice on that because I think home ownership is in crisis at the moment in the UK.

It's an important issue for many millions of people and we're matching our words with actions – for example we stopped new lending on second homes and we released seven public policy proposals to address issues in the housing market (see panel on page 15). Doing the right thing for our members has always been part of who we are. I want us to be at the forefront on issues that are central to us and so many of our members.

What was the biggest challenge for you as CEO in 2022?

The massive uncertainty that we saw in response to the mini budget was very challenging. The market moved every day, rates were changing rapidly and banks and building societies were pulling out of the market all the time.

I was proud that we were able to keep products out there for first time buyers all the way through that disruption. I was very impressed with how our brilliant colleagues stepped forward to support our members through a difficult time.

How did the Society support members in 2022?

We're here to support our members and get them onto the property ladder, but it's important to keep them there too.

We haven't charged mortgage arrears fees since the start of the pandemic, and we've developed more options to support people having difficulties with their mortgage.

Savers had a hard time of it for many years but as interest rates rose last year we provided competitive rates for them, too.

We'll carry on supporting all our members in what will be another challenging year.

Will the savings market evolve in 2023?

At the back end of 2022, we were able to provide some very competitive fixed rate savings products, and we want to continue to do that in 2023.

We have to balance that with service, because occasionally they've been so popular we've been swamped with demand.

We had our best ever year for savings in 2022, with growth in savings balances of £2 billion and 85,500 new savers joining us. In 2023 where it's possible for us to do so, we'll carry on passing on the benefit of Bank of England rate rises to our members.

How did we show leadership on climate change in 2022?

We already achieved carbon neutral status in 2021 for our operational Scope 1 and 2 carbon emissions, and some Scope 3 emissions.

We've just agreed a set of challenging targets for reducing our emissions further, including an aim to reach net zero operations by 2030 through a 90% reduction in Scope 1 and 2 emissions.

And we're doing our bit for members too, by taking more efficient new build properties into account in our lending decisions. That allows us to lend more money to people buying those properties because their future energy bills will be lower. We were the first lender to do that last year and we want to continue to innovate in that space.

We really pushed forward on our purpose of putting home ownership within reach of more people.

I want us to be at the forefront on issues that are central to us and to so many of our members.

How have we made progress on inclusion and diversity within the Society?

It's really important that the Society reflects the diversity of all the members we serve every day. We made tremendous progress last year in terms of colleagues having open conversations and sharing their experiences, and we were involved in lots of events too. I really enjoyed the Leeds Pride parade we sponsored – it was a fabulous atmosphere as colleagues and families got ready in our new building.

We also held a whole range of different events across the Society, for example for Black History Month. It's important that people feel comfortable to share their different experiences, and I'm keen that we keep those conversations going.



What was your proudest moment of 2022?

That's an easy one – the honour of hosting a visit from King Charles III to officially open our head office. It was a fantastic day for everyone at the Society.

It was also a huge privilege for me personally, and lots of colleagues were excited to be part of it. The King spent lots of time with them and we were proud to show him our energy efficient HQ. Time went past in a blur, but it was a wonderful experience and one that I, and lots of other people in the Society, will remember for a long time.

What are you focused on in 2023?

2023 will be uncertain and bring difficult times for the economy and for many people. But we have an incredibly strong and secure business that's performing extremely well.

It's really important we use that security to support all our members as they navigate through these difficult times. That's what we'll be focused on.



Our public policy proposals aim to tackle the UK housing crisis by asking the Government to:

1. **Build more homes**
2. **Tackle the skills gap in construction**
3. **Maximise the potential in existing properties**
4. **Build sustainability into our housing market**
5. **Increase routes to home ownership**
6. **Help people save for a deposit**
7. **Provide meaningful support for borrowers**

You can find more details about each of our proposals on our website.



How mutuality makes a difference



Continued support for our savers

Giving our savers a safe place for their savings to grow has been at the heart of what we do since 1875.

We've consistently paid above the market average savings rate.

The average savings rate for the rest of the market in 2022 was 0.65%, whilst the average rate that we paid to our savers was 1.15%. This means that our savers had an additional £80.5m⁷ in extra interest in their pockets.

In 2022 amid a backdrop of rising inflation, we increased our savings minimum rate seven times following increases in the Bank of England base rate of interest.

What's more, the money invested by our savers contributes to our wider purpose of helping to put home ownership within reach of more people, generation after generation.

We've consistently paid above the market average savings rate.

⁷CACI's CSDB, Stock, January to December 2022, latest data available. CACI is an independent company that provides financial benchmarking data for the retail cash savings market.

Standing up for first time buyers

We're proud to say one in three new mortgages at Leeds Building Society helps a first time buyer onto the property ladder.

Over the last 12 months we've supported first time buyers by helping 18,000 people onto the property ladder.

Alongside our award winning Shared Ownership scheme⁸, we participated in affordable housing schemes including First Homes and Help to Buy, and continued offering standard low deposit mortgages.

To help even more people own their own home, we also took the decision to stop offering new mortgages on second homes.

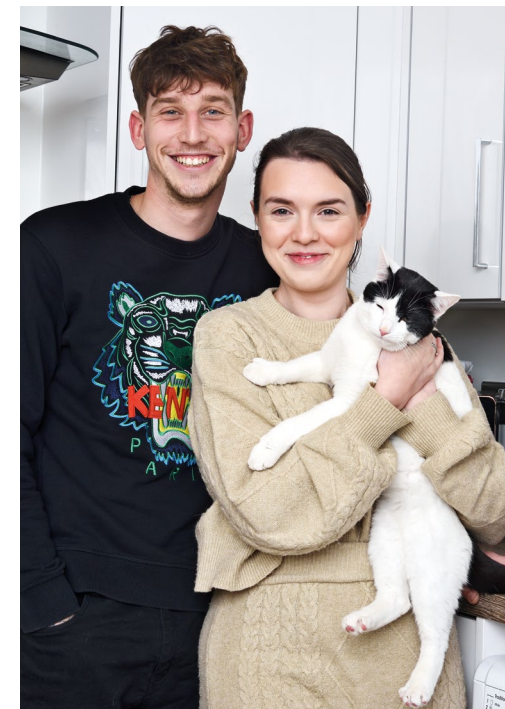
Additional help for borrowers during market uncertainty

When faced with challenging economic conditions, we acted quickly to ease the pressures of rising mortgage rates and the cost of living crisis.

From honouring mortgage offers to new members for six months⁹, to tailored support for those who are at risk of arrears, we're committed to helping members at every step of their home ownership journey.

⁸We've been awarded What Mortgage's 'Best Shared Ownership Mortgage Lender' seven years running (2015-2022).

⁹We may withdraw an offer in limited circumstances, which include fraud, misrepresentation, or non-disclosure of material information. Full terms and conditions are outlined in the mortgage offer.



We're putting home ownership within reach of more people generation after generation.

First time buyers Charlene & Kai (and Chase the cat) were able to move into their new home this year because of a Shared Ownership mortgage.

"We're over the moon. We're on the property ladder and not wasting money on rent. We have so much more space and a garden and are investing in our future."

Leading the way in shared ownership

Shared Ownership is when you buy a share of a property and pay rent on the rest. It helps people onto the housing ladder because the deposit needed is based on the share of the property.

What helps to make us an award winning Shared Ownership lender is that we provide up to 95% of the agreed share, helping you take advantage of the scheme.

We've been awarded What Mortgage's **Best Shared Ownership Mortgage Lender** seven years running (2015-2022).



Best Shared Ownership Mortgage Lender

Sofia's story

Sofia has lived in London for three years. Having always house shared with friends, the thought of buying a house was daunting. But when she found out about Shared Ownership, the dream of owning her own place became a reality.

"I wanted a place of my own, but I couldn't afford to buy it outright. I was never going to out-save rising house prices so Shared Ownership made a lot of sense.

I haven't dealt with a building society before, but Leeds Building Society was really accommodating and willing to help single buyers like me. Right from when I got my offer, you could tell helping people onto the ladder is something that they're passionate about.

I was terrified of making the jump and buying my own place, but it's the best decision I've ever made."



Charitable Foundation

Supporting people in need of a safe and secure home

Our Charitable Foundation¹⁰ was set up in 1999 to provide funding through small grants to support local communities. It was founded on the principles of people helping people and is run by an independent board of trustees.

The Charitable Foundation focuses on helping those in need of a safe and secure home. For some people, owning their home is never going to be a viable option so the foundation ensures we can support the most vulnerable in society. This might be moving from the streets into temporary accommodation, from temporary accommodation into permanent rented accommodation or helping people at risk of losing their home to stay where they are.

The cost of living crisis is putting people and charities under increasing pressure. That's why we've more than tripled our donation to the Charitable Foundation from £90,000 to £300,000 a year, pro-rated to £190,200 in 2022 and launched new large grants to support charities in a more impactful way.

Our members donated a further £39,815 through 'Your Interest in Theirs' – an optional fundraising scheme that donates the pence interest on your savings accounts to Dementia UK and the Charitable Foundation.

How donations are making a difference:

Leeds charity **Zarach** has been awarded £54,667 over two years.

Zarach was founded by a Leeds primary school teacher, who was shocked to learn that an 11-year old pupil was sleeping on a bed bug infested cushion he shared with his brother. This spurred her to set up a charity that ensures every child in the city has their most basic needs met – a bed and enough food to eat – so that they get a good night's sleep and an equal opportunity to learn.

Zarach partners with local schools to identify children in need of a bed, emergency food or basic items. Not only do most children they work with not have a bed, many homes are empty, cold and damp which affects both the physical and mental wellbeing of families. Funding from the Leeds Building Society Charitable Foundation will cover the costs of a member of staff who will work directly with families to help them source furniture, fit carpets, provide emergency food and family support to make every house a home.

¹⁰Leeds Building Society Charitable Foundation is registered at Companies House with company number 03724612 and is a registered charity number 1074429. Registered address: 26 Sovereign Street, Leeds, West Yorkshire LS1 4BJ.

In 2022, the Foundation awarded £228,791 including:

Five large grants, totalling

£131,924

102 small grants, totalling

£96,867

Creating stronger, thriving communities

Dementia UK: our charitable partner chosen by our members

We're helping to bring vital dementia support closer to home by funding virtual clinics with dementia specialist Admiral Nurses, and this year, running free face-to-face clinics in some of our branches. Everyone's circumstances are different, but this kind of support can help families through the fear and confusion of dementia.

We pledged to raise £500,000 for Dementia UK's Closer to Home project by 2024 and we're delighted to say that we've reached our fundraising goal over a year early, thanks to your amazing efforts.



Aqib and Shahbanu's story

Brother and sister Aqib and Shahbanu from Surrey turned to Closer to Home for much needed advice and support after their mother's dementia diagnosis.

"In our virtual call with Admiral Nurse Ruby we found a sympathetic and patient expert who carefully listened, empathised, counselled, and explained to us some of the basic issues about Alzheimer's disease. It's helped us to understand what to expect in our new role as carers and given us the confidence to continue looking after our mother in her family home."

We're aiming to distribute £3 million to communities through donations, grants and fundraising, between 2021 and 2025.

Colleagues pitch for a share of £250,000 for good causes

We invited colleagues to put forward applications for causes close to their hearts. Five charities received a share of £230,000, including Help Bristol's Homeless and Smart Works Leeds, with 18 other inspirational projects receiving £1,000.

We stand with Ukraine

Thanks to our members and colleagues, we've helped raise over £100,000 for people affected by the conflict in Ukraine. We've also converted space above our Peterborough branch into accommodation that can house up to seven Ukrainian families.

Financial education

In collaboration with social enterprise Ahead Partnership and disability charity Mencap, we're helping young minds better understand the important financial decisions in life. Thanks to our amazing colleagues who volunteered their time, we delivered financial education sessions to 3,943 pupils from 29 schools in 2022.

Supporting transgender and non-binary people

We've added the gender neutral title Mx to product applications to support our non-binary members. This may seem like a small change, but it ensures everyone feels acknowledged.

Opening up our branches

We've teamed up with accessibility information provider AccessAble, to help people with disabilities find the information they need to know before they take a trip to any of our branches.

Our responsibility to consider the wider environmental impact of our actions

We've set ambitious targets to reduce our carbon footprint and continue to work with Climate Impact Partners to maintain our carbon neutral status. **It's our aim to support an orderly transition to a greener, net zero economy by 2050.**

Working alongside our environmental charity partners

Since 2021, we've planted 5,891 trees across seven woodlands in partnership with Yorkshire Dales Millennium Trust – offsetting an estimated 982 tonnes of emissions over the next 50 years.

We've also been working with the Canal & River Trust and Yorkshire Wildlife Trust to build and maintain habitats and ran an environmental education day for 60 pupils from two Yorkshire schools.

Green mortgage affordability

In 2022, we enhanced affordability for mortgages on the most energy efficient new homes to benefit buyers of greener homes. We're now able to use more detailed data about projected fuel bill savings for new build homes, enabling members to borrow more than on an equivalent, less energy efficient property.



Nick and Adam's story

Interior designer to the stars Nick Snow, and lettings manager Adam Pullinger, have worked tirelessly to save for a deposit. Their passion for sustainability led them to select a Green Mortgage with us.

Nick said: "It's wonderful to finally have the keys to our own home. Adam and I have spent years helping people to find and renovate their dream homes, so it's a joy to do it for ourselves now. It's taken 13 years of renting to get to this point. We're over the moon to be on the property ladder and to be able to put our own stamp on the house."

Meet the directors

Our directors are responsible for ensuring the Society acts in your best interests.

Your vote makes sure your voice is heard.



Iain Cornish

Chair and Independent Non Executive Director

Appointed: Independent Non Executive Director in January 2019 and Chair of the Board in April 2020

Board committees: Chair of Nominations Committee and member of Remuneration Committee

Strengths and experience: Iain has more than 30 years' experience working in financial services. A former CEO of Yorkshire Building Society (2003-2011) and Chair of the Building Societies Association (2007-2008), Iain has held a number of non executive posts. He was a Treasury Select Committee Special Advisor and Independent Director for the Prudential Regulatory Authority and chaired the Financial Services Authority Practitioner Panel. In addition to significant experience within the sector, Iain has relevant risk and audit committee experience.

Other roles: Iain is a trustee and treasurer of Macmillan Cancer Support.

"As Chair, my role is to lead the Board and oversee the development and delivery of the Society's strategy. Over the last year, the Board's focus has been on testing and supporting the management to make judgements about how best to balance the interests of savers and borrowers in an environment of rising living costs and increasing interest rates, whilst also continuing to deliver on our purpose and on supporting colleagues. Over the next year I anticipate a similar set of priorities in what is forecast to be a period of declining economic activity with continued cost of living pressures, however, the Board will also make sure that the Society remains focused on the successful delivery of essential long term investments."



Richard Fearon

Chief Executive Officer

Appointed: Chief Executive Officer in February 2019 and Executive Director in 2016

Strengths and experience: Richard started his career at Oliver Wyman & Company and spent ten years at Lloyds Banking Group in senior mortgage and savings roles. Richard has an excellent understanding of product development to meet customer needs, as well as strong strategic and commercial skills. As CEO, Richard is responsible for developing and proposing the Society's strategy, objectives and plans, and maintaining our business model and culture.

Other roles: Richard is Chair of the UK Finance Mortgages Product and Service Board.

"One of my priorities as CEO is ensuring our members are at the heart of every decision we make. Our purpose has supported us in navigating the disruption caused in the current economic climate and we continue to effectively serve members and uphold our purpose as a mutual building society. My role involves leading the management team so that we can operate in the best interests of our members."



Annette Barnes

Independent Non Executive Director

Appointed: February 2019

Board committees: Chair of Remuneration* and member of Board Risk and Nominations committees

Strengths and experience: Prior to joining the Society, Annette was CEO at Lloyds Bank Private Banking Ltd and Managing Director of Wealth & Mass Affluent for Lloyds Banking Group. With her background in operations, technology and customer experience, and recent board and regulatory positions, Annette brings a wealth of knowledge to the Board.

Annette is the Society's Consumer Duty Champion and is the designated non executive for colleague engagement.

Other roles: Annette is a non executive director of GlobalData plc, Quilter Life & Pensions Limited and Quilter Investment Platform Limited.

"The world has changed in many ways since I began my career in financial services more than 30 years ago; with significant digital advancements and an appropriate focus on the value of a diverse workforce. In my role as a Board member, it's for me to challenge and support management, so that collectively we can continue to meet the changing needs of members, colleagues and other stakeholders. The Board really focuses on the needs of all of its stakeholders, and for me, that's a huge part of the role."

*subject to regulatory approval.



Andrew Conroy

Chief Financial Officer

Appointed: Chief Financial Officer in July 2019 and Executive Director in January 2020

Strengths and experience: Andrew started his career at PricewaterhouseCoopers before moving to West Bromwich Building Society. He has more than 15 years' experience in financial services, including a number of senior roles in both building societies and banking institutions.

Having worked within finance, treasury and corporate strategy, Andrew has developed strong technical skills in financial accounting and treasury risk management.

Andrew is Chair of Assets and Liabilities Committee, Balance Sheet Optimisation Group and Cost Optimisation Group and has responsibility for the Society's Finance, Treasury and Third Party Management functions, along with oversight of its recovery and resolution plan and activities.

Other roles: Andrew is a trustee for Saltmine Trust.

"The global economy has been significantly impacted as a result of the Covid-19 pandemic and more recently by market volatility, and this, as you would expect, has impacted many firms in the financial services sector, as well as many of our members. My focus is to ensure we support our members and colleagues by safeguarding the Society's financial position. This continues to be my priority, as I lead our Finance division into 2023."



David Fisher

Independent Non Executive Director

Appointed: March 2012

Board committees: Member of Audit, Board Risk and Remuneration committees

Strengths and experience: With more than 30 years' experience in financial services, David's career began at Halifax Building Society. Since then, he's developed a wealth of knowledge in retail financial services and has a strong understanding of risk management, pensions and human resources. Prior to joining the Society, David was CEO of Sainsbury's Bank. David was Chair of Board Risk Committee until December 2021.

Other roles: David is a non executive director of Tandem Bank Ltd and Tandem Money Ltd.

"The Society's ongoing strength and stability rely on our ability to identify, manage and mitigate risk. My role as a member of the Board Risk Committee and Audit Committee is to ensure we are financially resilient and have robust systems in place to manage risks throughout the business, which include our risk management framework and internal controls. I'm extremely impressed with how the management team has responded to the additional risks posed by the pandemic and my ongoing priority is to ensure risks are being managed appropriately, so we can remain secure."



Neil Fuller

Independent Non Executive Director

Appointed: December 2020

Board committees: Chair of Board Risk Committee and member of Audit Committee

Strengths and experience: Neil joined the Board in December 2020 with over 35 years' experience in retail banking and financial services. Prior to joining the Society, Neil held senior roles at Bank of Ireland UK plc including Chief Risk Officer and Executive Board Director, and for a short time Interim Chief Executive Officer. Before this, he undertook the role of Chief Risk Officer at GE Capital Bank Ltd and a variety of roles including Risk Director and Chief Risk Officer in the UK retail division of Royal Bank of Scotland and NatWest. Neil's experience and knowledge of risk management in the financial services sector bring value and further strengthen the Board. Neil was appointed as Chair of Board Risk Committee from January 2022.

"I believe the experience I've gained as Chief Risk Officer at different organisations and my understanding of risk management and the principal risks facing the financial services sector bring value to the Board. The ethics of a mutual resonate strongly with me and I very much enjoy working with the Society."



Andrew Greenwood

Deputy Chief Executive Officer

Appointed: Deputy Chief Executive Officer in May 2021 and Executive Director in January 2015

Strengths and experience: Andrew started his career as a solicitor in private practice and has worked for the Society since 1998 in a variety of roles. Having developed extensive experience of working in a highly regulated environment, Andrew was the Society's Chief Risk Officer from 2011 to 2022 and, during this period, was responsible for developing and leading the Risk division, which comprises a number of specialist teams.

Andrew's current line management responsibilities comprise the Risk, Human Resources, Learning and Development and Property and Business Services functions and, in the latter part of 2022, he took on responsibility for the Mortgage Services function.

Andrew currently chairs the Models and Rating System Committee and is a member of a number of risk focused committees. He also regularly attends the Board Risk Committee and the Audit Committee.

"Having worked for the Society for more than 20 years, I have extensive experience of risk management and a strong knowledge of the organisation, its people and culture. A key aspect of my role as Chair of the Models and Rating System Committee is supporting the Board to fulfil our financial risk management responsibilities and helping other directors understand the model framework, which underpins assumptions and decision making. This role continues to be important as we adapt to changes in the economy."



Gareth Hoskin

Independent Non Executive Director

Appointed: November 2015

Board committees: Chair of Audit and member of Board Risk, Nominations and Remuneration committees

Strengths and experience: Gareth has acquired extensive experience during his 30 years working in financial services, both in the UK and abroad. Having spent almost 20 years at Legal & General plc, Gareth was a director and CEO of the International division. Prior to this, Gareth was a chartered accountant at PricewaterhouseCoopers. In January 2019, Gareth was appointed Vice Chair and Senior Independent Director of the Board. His responsibilities as Chair of the Audit Committee include safeguarding the independence of the Internal Audit function and acting as our whistleblowing champion.

Other roles: Gareth is a non executive director and Chair of Audit Committee of Saga plc and a non executive director and Chair of Acromas Insurance Company Ltd. He's also advisor to the Board of Green Park Partners Ltd.

"As Chair of the Audit Committee, it's my responsibility to make sure our financial statements are fair, balanced and include all the information you, as a member or stakeholder, need to assess and understand our performance. It's my role to provide challenge, where required, and to use my experience from the past 30 years to oversee the Society's reporting and audit processes."



Rob Howse

Chief Operating Officer

Appointed: Chief Operating Officer in September 2019 and Executive Director in May 2021

Strengths and experience: Before joining Leeds Building Society, Rob spent over ten years in a number of senior executive technology, operations and change roles mainly at RBS and Lloyds Banking Group, where he was focused on retail banking. His earlier career included time in Telecoms, the Royal Navy and as a management consultant at McKinsey and Company where, as an associate partner, he specialised in advising multinational clients on the design and execution of transformation programmes.

As Chief Operating Officer, Rob's responsibilities include transformation, technology and operational resilience, and he's Chair of the Executive Transformation Committee and the Operational Resilience Committee.

Other roles: Rob is Chair of the UK Finance Digital, Technology and Cyber Product and Service Board.

"My extensive experience of technology, transformation and operational resilience strengthens the execution of the Board's strategic agenda and helps assure day-to-day operations. I've used this experience to ensure that the Society continues to operate safely while still investing in our long term future and improving the way that we work every day."



Anita Tadayon

Independent Non Executive Director

Appointed: October 2021

Board Committees: Member of Board Risk Committee

Strengths and experience: Anita joined the Board in October 2021 with over 25 years' experience and a strong track record in transformation. Anita has held a number of senior roles and has developed a great deal of expertise in combining technology and change along with the development and design of customer journeys. Anita is currently employed by BT Group as Global Portfolio & Digital Product Roadmap & Lifecycle Director. Previously she ran a Design Function in BT Consumer and worked for both Sky and British Gas, where she was responsible for the conduct team within customer operations. Anita has an MBA from London Business School.

Other roles: Anita is a director of Tadayon Consulting Limited and Global Portfolio & Digital Product Roadmap & Lifecycle Director for the BT Group.

"I'm delighted to be on the Board as a non executive director and feel strongly about the values associated with mutuality. I believe that my knowledge and experience provide different insights and experience to the Board, thereby adding value and depth to the decision making process."

Time
to vote!



Now you know the directors, it's time to jump online to have your say.

On our website you'll also find a selection of themed frequently asked questions in case you'd like more information to help you make your decision.

See page 3 for further details on how to vote.

Summary Financial Statement

The directors have pleasure in presenting the Summary Financial Statement of the Society and its subsidiaries ('the Group') for the year ended 31 December 2022.

The Statement is a summary of information published in the audited Annual Accounts, Directors' Report and Annual Business Statement, all of which are available to members and depositors, on the Society's website: (leedsbuildingsociety.co.uk/reports) or on request at any branch, free of charge. The Independent Auditor's Report on the Society's full Annual Report and Accounts was unmodified.

Summary Directors' Report

The Summary Directors' Report for the year ended 31 December 2022 comprises the Chair's Statement on pages 6 and 7, and the Chief Executive Officer's Review on pages 12 to 15.

The directors have confirmed it is appropriate to adopt the going concern basis in preparing the financial statements.

Approved by the board of directors on 23 February 2023 and signed on its behalf by:

Iain Cornish
Chair

Richard Fearon
Chief Executive Officer

Andrew Conroy
Chief Financial Officer

Explanation of key financial ratios

Gross capital as a percentage of shares and borrowings

Gross capital provides a financial cushion against losses which might arise from the Group's activities and therefore provides protection for savers and investors. The gross capital ratio shows the size of our gross capital relative to our shares and borrowings. Gross capital is made up of our profits which have accumulated over many years in the general reserve, plus other reserves, subordinated liabilities and subscribed capital.

Liquid assets as a percentage of shares and borrowings

This ratio shows the proportion of our shares and borrowings which is held as cash or assets which are readily convertible to cash. Liquid assets are held to enable the Group to meet requests for withdrawals from savers and investors, to make new mortgage loans and to fund our business activities.

Profit for the year as a percentage of mean total assets

The profit to mean assets ratio shows our profit after tax relative to the average of our total assets during the year. We need to make sufficient profits each year to maintain our capital at a suitable level to protect our members and investors.

Management expenses as a percentage of mean total assets (cost to mean asset ratio)

The management expenses ratio measures our management expenses relative to the average of our total assets during the year. Management expenses consist mainly of the costs of employing staff and running the Group's branches and offices and IT systems. Expenses are controlled so that we operate as efficiently as possible while providing a high quality service to our members.

Results for the year 2022	2022	2021
	£m	£m
Net interest receivable	359.6	282.2
Other income and charges	2.4	5.3
Fair value gains / (losses) from financial instruments	14.7	(0.5)
Management expenses	(141.0)	(126.0)
Impairment (charge) / credit on loans and advances to customers	(11.9)	4.1
Impairment of property, plant and equipment	(3.8)	–
Provisions release / (charge)	0.5	(1.4)
Operating profit and profit before tax	220.5	163.7
Taxation	(58.6)	(43.5)
Profit for the financial year	161.9	120.2
Financial position at the end of the year		
Assets:		
Liquid assets	4,580.7	3,646.8
Mortgages	20,324.3	18,303.0
Other loans	168.9	224.2
Derivative financial instruments	679.9	219.3
Fair value adjustments	(585.9)	(169.1)
Fixed and other assets	346.0	289.5
Total assets	25,513.9	22,513.7
Liabilities and equity		
Shares	17,520.4	15,258.0
Borrowings	5,209.1	5,111.0
Derivative financial instruments	251.9	166.8
Other liabilities	519.0	136.6
Subordinated liabilities	309.1	339.4
Subscribed capital	197.6	227.3
General reserve	1,415.3	1,251.3
Other reserves	91.5	23.3
Total liabilities and equity	25,513.9	22,513.7
Summary of key financial ratios		
Gross capital as a percentage of shares and borrowings	8.86%	9.04%
Liquid assets as a percentage of shares and borrowings	20.15%	17.90%
Profit for the financial year as a percentage of mean total assets	0.67%	0.56%
Management expenses as a percentage of mean total assets	0.59%	0.58%

Independent auditor's statement to the members and depositors of Leeds Building Society

We have examined the Summary Financial Statement of Leeds Building Society and its subsidiaries (the Group) for the year ended 31 December 2022, which comprises the results for the year, financial position at the end of the year and summary of key financial ratios together with the Summary Directors' Report.

Respective responsibilities of directors and auditor

The directors are responsible for preparing this Member Magazine containing the Summary Financial Statement, in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Member Magazine with the full Annual Report and Accounts, Annual Business Statement and Directors' Report and its conformity with the relevant requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

We also read the other information contained in the Member Magazine and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement. The other information comprises the items listed on the contents page.

Basis of opinion

Our examination involved agreeing the balances in the Summary Financial Statement to the full Annual Report and Accounts, Annual Business Statement and Directors' Report. Our report on the Group's and Society's full Annual Report and Accounts describes the basis of our audit opinion on those full Annual Report and Accounts.

Opinion on Summary Financial Statement

In our opinion the Summary Financial Statement is consistent with the full Annual Report and Accounts, the Annual Business Statement and the Directors' Report of Leeds Building Society for the year ended 31 December 2022 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made thereunder.

Use of our report

This report is made solely to the Society's members, as a body, in accordance with Section 76(5) of the Building Societies Act 1986. Our work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, for our audit report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Leeds, United Kingdom

23 February 2023

Directors' Remuneration Report

Dear member

I was appointed Chair of the Remuneration Committee (subject to regulatory approval) in January 2023 and, as such, I am pleased to present this year's Remuneration Committee report. The report includes a summary of our Remuneration Policy, together with key decisions made in the year.

I want to thank my predecessor Chair, Lynn McManus, for her unswerving commitment to ensuring that our remuneration structures support our mutual status and culture, in the long term interests of our members.

The focus of the Committee is to set our Remuneration Policy, including base pay, variable remuneration and other benefits for executive directors and Material Risk Takers. The Committee also has oversight of reward for the broader colleague population.

As a mutual, purpose-led business, we took steps to support our colleagues throughout the cost of living crisis in 2022. We paid a one-off, discretionary, award of £1,200 (full time equivalent) to all colleagues excluding the Executive Directors and Senior Leadership Team and we elected to move our 2023 pay review forward from April 2023 to January 2023, for all colleagues.

Last year members approved a change to the Remuneration Policy to allow additional flexibility to make retention awards, specifically to executive directors, in exceptional cases where we believe it is in the interests of members and the Society to retain the service of an executive.

In 2022, the Remuneration Committee approved a retention award, specifically in relation to the successful delivery of the critical, multi-year core system migration programme for the Chief

Operating Officer Rob Howse. The first instalment of the retention award will be made in 2023, subject to performance criteria being met. The 2023 Annual Report and Accounts will provide full details of the retention award.

Performance and awards 2022

Earlier sections of the Annual Report and Accounts set out how we have delivered an exceptionally strong performance, across all our key metrics which determine our variable pay outcome.

After careful consideration, annual bonuses of between 17% and 18.68% (2021: 16.7% and 18.8%) have been awarded for 2022 to the executive directors, which represents between 85% and 93.42% (2021: 83.5% and 94%) of the maximum award available.

In arriving at the decision to award variable remuneration, a full risk assessment process is undertaken, during which the Committee considers a range of factors and input from the Board Risk Committee. Following full consideration, no adjustment to variable remuneration was deemed necessary. The Remuneration Policy has operated as intended.

2022 remuneration changes

As reported last year, in April 2022, the base pay of the Chief Executive Officer increased by 8.7%, the base pay of the Chief Operating Officer increased by 7.7% and the base pay of both the Deputy Chief Executive Officer and the Chief Financial Officer increased by 5%.

Fees paid to the Chair and non executive directors increased by 3.75%, in line with base pay awards to our colleague population. The base pay increase for colleagues ranged from 3% to 19%, with an average of 5.22%.

Directors' Remuneration Report

Directors' Remuneration Report

Looking ahead

Looking ahead to 2023, the Committee will continue to ensure we have the right reward structures in place, to foster our mutual culture and to attract and retain the talent we will need to deliver on our purpose.

All colleagues, including the executive directors, received a base pay increase in January 2023. Having conducted thorough external benchmarking and having assessed the performance of the Society under the Chief Executive Officer's leadership, the Remuneration Committee agreed a 15% base pay increase for the Chief Executive Officer. This increase is in line with the range of increases received by colleagues.

The base pay increases for colleagues ranged from 6% to 25% with an average of 9.34%. The base pay of all other Executive Directors increased by 6%. The Chair's and non executive director's basic fees, also increased by 6%, in line with the minimum increase for the colleague population.

I trust this report is helpful and informative. The Remuneration Committee recommends that members vote in favour of the 2022 Directors' Remuneration Report.

Annette Barnes
Chair of the Remuneration Committee
23 February 2023

Report on Remuneration 2022**Executive director remuneration summary for 2022**

The total remuneration received by executive directors for 2022 is detailed below, compared with 2021. The total remuneration for executive directors equates to 0.96% of profit before tax (2021:1.2%). This information has been audited and shows remuneration for the years ending 31 December 2021 and 31 December 2022, as required to be reported under the Building Societies (Accounts and Related Provisions) Regulations 1998. The awards made in respect of performance in 2022, are in line with the 2022 Remuneration Policy, with a maximum variable pay of 20% for executive directors.

The Chief Executive Officer is the Society's highest paid colleague. As we are a mutual organisation, we have no share capital and, therefore, do not offer share based remuneration to executive directors or colleagues.

2022 audited

Executive directors	Salary	Annual bonus	Pension	Loss of office	Total fixed remuneration	Total variable remuneration	Total remuneration
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
R G Fearon	578	110	64 ⁽¹⁾	–	642	110	752
A P Conroy	355	64	35 ⁽¹⁾	–	390	64	454
A J Greenwood	375	64	52 ⁽¹⁾	–	427	64	491
R J Howse	363	66	36 ⁽¹⁾	–	399	66	465
Total remuneration⁽²⁾	1,671	304	187	–	1,858	304	2,162

Notes

- (1) These directors elected to receive part or all of the Society's pension contribution as a cash allowance.
(2) No director received other taxable benefits of £1,000 or above.

2021 audited

Executive directors	Salary	Annual bonus	Pension	Loss of office	Total fixed remuneration	Total variable remuneration	Total remuneration
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
R G Fearon	543	102	50 ⁽¹⁾	–	593	102	695
A P Conroy	342	60	34 ⁽¹⁾	–	376	60	436
A J Greenwood	361	62	51 ⁽¹⁾	–	412	62	474
R J Howse ⁽²⁾	229	63	23 ⁽¹⁾	–	252	63	315
Total remuneration⁽³⁾	1,475	287	158	–	1,633	287	1,920

Notes

- (1) These directors elected to receive part or all of the Society's pension contribution as a cash allowance.
(2) R J Howse was appointed to the Board on 1 May 2021.
(3) No director received other taxable benefits of £1,000 or above.

Annual incentive

For 2022, corporate performance incentive opportunities were based on the performance measures in the following table.

The table also illustrates performance against each of the measures.

Blueprint performance measure	Weightings for maximum (as % of salary)	Pay out %
The number of members supported with their home ownership ambitions through our lending against owner occupied properties in the UK	2.5%	2.5%
Maintain the capital strength and cost efficiency to support our differentiated product mix and thrive through the cycle	2.5%	2.5%
Keep our members and brokers informed and maintain trust and customer satisfaction across all channels	2.5%	2.19%
Provide robust service to our intermediary partners		
Ensure we have highly engaged and empowered colleagues, a diverse workforce and talent pipeline to respond to our changing context and needs	2.5%	2.19%

Notes

The corporate measures only apply to the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. The Deputy Chief Executive Officer is responsible for a control function, and, therefore, is remunerated on personal objectives only based on a maximum of 20%.

Personal performance achievement for executive directors was in the range of 8.35% to 17% (17% in respect of the Deputy CEO). Personal performance for Executive Directors in a non control function is based on a maximum of 10% and is assessed on personal objectives relating to each executive director's specific role and behaviours.

Pensions and other benefits

A J Greenwood is a deferred member of the defined contribution section of the pension scheme and has opted for a cash allowance in lieu of the Society's pension contribution. R G Fearon and A P Conroy opted to receive pension benefits as part contributions to the defined contribution section of the pension scheme and part cash allowance, in lieu of the Society's pension contribution. R J Howse has opted for a cash allowance in lieu of the Society's pension contribution.

No executive director has the right or opportunity to receive enhanced benefits beyond those already disclosed, and the Committee has not exercised its discretion during the year to enhance benefits.

Executive directors may be entitled to receive compensation for loss of office. Such payments will be based on the monthly salary and pension contributions that the executive would have received if still in our employment.

Long term incentive awards made in the financial year

There were no long term incentive awards made in the financial year.

Payments for loss of office

There were no payments for loss of office made in the financial year.

Remuneration for non executive directors

The fees for non executive directors are made up of a basic fee, plus a committee chair fee, as appropriate. The Chair does not receive additional fees for roles carried out other than that of Chair.

Non executive directors	Basic fees (£'000)		Benefits ⁽¹⁾ (£'000)		Committee chair fees (£'000)		Total (£'000)	
	2022	2021	2022	2021	2022	2021	2022	2021
I C A Cornish (Chair)	158	154	6	1	–	–	164	155
G J Hoskin (Vice Chair)	52	51	3	0	24	24	79	75
A M Barnes	52	51	3	1	–	–	55	52
D Fisher	52	51	0	0	–	17	52	68
N A Fuller	52	51	4	1	18	–	74	52
J A Hunt ⁽²⁾	–	15	–	0	–	–	–	15
L R McManus	52	51	5	1	12	11	69	63
A Tadayon ⁽³⁾	52	13	5	2	–	–	57	15
Total	470	437	26	6	54	52	550	495

Notes:

(1) In addition to the payment of fees, non executive directors are reimbursed for travel expenses for attending meetings and, where tax liability arises, this will be covered by the Society.

(2) This director retired on 15 April 2021.

(3) This director was appointed on 22 October 2021.

Non executive directors (including the Chair) received an annual basic fee increase of 3.75% in April 2022. The Remuneration Committee Chair fee also increased by increased by 3.75%.

Payments to former directors

A payment of £25,307 has been made in 2022 to PA Hill, the former Chief Executive Officer, who retired on 30 June 2019. A payment of £18,862 has been made in 2022 to R S P Litten, the former Chief Financial Officer, who left the Society on 18 April 2019. A payment of £11,984 has been made in 2022 to K R Wint, the former Chief of Staff, who left the Society on 31 January 2020. The bonus payments consisted of deferred incentive awards, which are assessed in full when they are awarded. All these payments were subject to risk assessment and the Committee determined no risk adjustment was required.

Your vote helps others

We donate 25p to charity for every vote we receive.

You choose where the donation goes – our Charitable Foundation or Dementia UK.




Leeds Building Society
Foundation

The Charitable Foundation¹¹ awards grants of up to £100,000 to UK-based charities supporting those in need of a safe and secure home.

leedsbuildingsociety.co.uk/foundation


DementiaUK

Our national charity partner¹² since 2020 – as voted for by you and our colleagues. The charity provides specialist dementia support for families through its Admiral Nurse service.

dementiauk.org

If you're unsure which charity to pick, don't worry. You can leave the boxes blank, and we'll split the donation equally between both good causes.

See page 3 for further details on how to vote.

¹¹Leeds Building Society Charitable Foundation is registered at Companies House with company number 03724612 and is a registered charity number 1074429. Registered address: 26 Sovereign Street, Leeds, West Yorkshire LS1 4BJ.

¹²Dementia UK 2023. Dementia UK is a registered charity in England and Wales (1039404) and Scotland (SCO47429). A company limited by guarantee and registered in England and Wales (02944156). Registered address: 7th Floor, One Aldgate, London EC3N 1RE.

The conversation doesn't end once you've voted.

You're at the heart of every decision we make, so we're here to listen to what you have to say, all year round.

Got a question?



Drop us an email. It's the quickest way to get a response.
agm@leedsbuildingsociety.co.uk



You can also submit a question in any of our branches. But if you prefer to write a letter, please use the following address: **Society's Secretary, Leeds Building Society, 26 Sovereign Street, Leeds, LS1 4BJ.**

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