



Leeds Building Society

AGM 2023

Frequently asked questions

We've put together this selection of themed frequently asked questions to help you vote in AGM 2023. Our member magazine also contains more information and updates on our performance in 2022.

Ask a question

If after reading the Q&As below you still have a question you'd like to ask, you can do this ahead of the AGM by email or post.

Email: agm@leedsbuildingsociety.co.uk

Post: Secretary, Leeds Building Society, 26 Sovereign Street, Leeds, LS1 4BJ

You can also submit a question in any of our branches.

Members in attendance at the AGM will have the opportunity to ask questions during the meeting, and we'll respond to all other questions directly, including questions received after the AGM.

For the quickest response, it's best to email your question.

For everything you need to know about AGM 2023, visit our AGM Hub at leedsbuildingsociety.co.uk/agm.

Why weren't the Society's savings rates higher in 2022?

As a building society, we need to manage funding costs for the long-term benefit of our membership, which includes maintaining sustainable savings rates in line with our building society peers and typically higher than banks.

Our financial strength has enabled us to consistently pay above the market average to our savings members, despite the historically low interest rate environment. The average rate we paid to savers of 1.15% in 2022 compares to a market average of 0.65%, equating to an annual benefit to our savings members of £80.5 million.*

During 2022 the Bank of England increased its base rate of interest 8 times, from 0.25%, to a rate of 3.50% (by December 2022). As a result of the base rate increases throughout the year, a period of historically low savings rates came to an end. In response, we increased our savings rates 7 times. Our minimum member rate increased to a competitive 1.45% by the end of 2022 (and has increased further to 1.70% by February 2023).

Will there be further increases to savings and mortgage rates for members in 2023?

As a building society we always consider the interests of our membership, both savers and borrowers, when setting our rates and we strive to use our financial strength to pay above the market average to our savings members. In 2022 the average rate we paid to savers of 1.15% compared to a market average of 0.65%, equating to an annual benefit to our savings members of £80.5 million.*

Savers

Most of our savers hold fixed rate accounts and they'll continue to receive that rate until their product matures. For those with variable rate accounts, further changes in the base rate during 2023 will dictate any changes to our variable rates. Our minimum member rate as of February 2023 is a competitive 1.70%.

Mortgages

During 2022, the Society only increased its standard variable mortgage rate (SVR) by a total of 1.70%. All impacted customers were informed by letter.

If further changes in the Bank of England base rate are announced throughout 2023, we'll update members on what this means for them. Most Leeds Building Society borrowers are on fixed rate products and rates for those members will remain the same until their fixed periods end. Members' mortgages that track the Bank of England rate will change automatically in accordance with the terms and conditions of the account.

In addition to any change in SVR, we contact all mortgage members annually via their mortgage statement. For those with a fixed term mortgage, we get in touch 42 days before the end of that mortgage deal to provide information on how to switch to a new mortgage product that may best suit their requirements. We have a broad range of competitive products available to existing customers, with different options for mortgage terms and loan to value.

Any changes planned for the branch network in 2023?

We know our branches play an important role for our savings members and we remain committed to a sustainable branch network. However, member behaviour can change over time, and we need to respond to these changes to adapt our business model appropriately, in our members' long-term best interests.

During the past year we welcomed members back into branches as Covid-19 restrictions eased.

As part of our climate strategy, we've also announced a significant programme of investment into our branch network. We'll complete an ambitious refurbishment programme across all our branches and offices to improve the energy efficiency of the buildings and reduce energy consumption in line with the latest net zero standards. This includes improving the fabric of the buildings (glazing and insulation) and efficiency of heating and lighting systems, as well as adding on-site renewables such as solar panels where possible or practical. We'll disclose progress against these plans and targets on an annual basis.

We also teamed up with accessibility information provider AccessAble to help our members with disabilities find the information they need to know before visiting any of our branches. We produced a Detailed Access Guide for each branch, available on our website.

Why has it taken so long to get through to the call centre at times this year?

During 2022, service demands increased – this was due to demand for new mortgage and savings products where rates were changing frequently, and uncertainty in the market following the mini budget in the autumn.

This meant our contact centre waiting times were often longer than we aim for. This has been addressed through additional recruitment and service levels have now returned to normal.

We're also:

- Improving our online experience, making processes simpler and quicker
- Making it easier for mortgage brokers do business with us, with applications now quicker and easier
- Implementing new services where customers can check their balance or request a statement via an automated service, 24 hours a day
- Recruiting more skilled professionals to contribute to our digital aims

How did you support members in 2022 and what are your plans for 2023?

2022 was a challenging year for many people, with a cost-of-living crisis and rising inflation. But we've been able to deliver excellent results and support our members as we pushed forward on our purpose of putting more people in reach of home ownership.

Our members are at the heart of every decision we make. In 2022 we supported them in a range of ways, including:

- Paying above average market rate to our savings members – equating to an extra £80.5 million* in our savers' pockets
- Supporting first time buyers by remaining committed to the Shared Ownership and 90% LTV market, during the volatility in the mortgage market, following the mini budget
- Stopping new lending on second homes (additional residential properties which are not let out) to further deliver on our purpose and direct more of our efforts to other sectors, especially first-time buyers
- For members affected financially by the cost-of-living crisis we waived mortgage arrears fees in 2022, and we're continuing to do that into 2023
- Being the first lender to take more efficient new build properties into account in our lending decisions, allowing us to lend more money to people buying new builds due to lower future energy bills
- Continuing 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

How did the Society support colleagues in 2022?

Our colleagues are vital to the success of the Society which ensures our members receive the best possible service. We think it's only right that our colleagues share in the Society's success - we've always strived to make sure they are fairly rewarded.

In 2022, the focus has been to support our colleagues during the period of high inflation and pressures of rising expenditure. We supported our colleagues by making a cost-of-living award of £1,200 (payments were made on a pro rata basis for part time colleagues) to all colleagues, excluding the Senior Leadership Team. We've also chosen to bring forward our 2023 pay review to 1 January 2023 from 1 April 2023.

To ensure our colleagues remain fairly rewarded we've:

- Paid all colleagues a base salary in excess of the Real Living Wage, as set by the Living Wage Foundation
- Continued to pay fair salaries based on role, skills, performance and external benchmarks
- Awarded objective base pay salaries for all colleagues regardless of gender, age, ethnicity, disability, sexual orientation or any other protected characteristics
- Listened to colleague feedback through our Colleague Association, regarding salary and reward decisions
- Continued to provide competitive total reward packages for all colleagues, including a range of health and wellbeing options

What is your policy for Directors' remuneration designed to do? Are any changes being proposed for 2023?

The Remuneration Policy is designed to support members by:

- being clearly linked to business objectives;
- driving behaviours consistent with our purpose, culture, behaviours and strategy; and
- being structured to attract and retain appropriately skilled colleagues to support the Society's long term interests and to promote a healthy culture.

All our remuneration decisions are based on:

- objectives which are linked to our business strategy, behaviours and the long-term interests, environmental, social and governance (ESG) related objectives and the security of the Society and our members;
- procedures and practices that are consistent with, and promote, sound and effective risk management; and
- basic salary and total remuneration which are set at a competitive level to attract, retain and motivate colleagues of the required calibre.

There are no changes proposed to the Remuneration Policy this year.

What is the Society's strategic focus for 2023?

Our purpose is the reason we were founded almost 150 years ago, and we've been living up to it ever since.

In 2022 we renewed how we articulate our purpose. It's something that the original founders would recognise: **"Putting home ownership in reach of more people – generation after generation".**

This purpose will drive us forward in 2023 to create long-term success for the Society and benefit all our members.

We'll continue to respond appropriately to economic and market conditions throughout the year and we'll do what we can to help members onto and up the property ladder, working to become part of the solution to today's housing crisis.

We're developing partnerships and innovating to make it easier for members and brokers to do business with us and we're taking action to reduce our impact on the environment.

For our valued savings members we'll respond to what they need from us - creating experiences that are straightforward and human no matter the channel, and making sure when people save with us, they save with purpose.

This strategy will ensure that we can deliver real value to members for years to come.

What are your views on inclusion and diversity? What action are you taking to develop a more diverse Board?

We recognise that being diverse and inclusive, both at Board level and more widely, helps deliver better outcomes for our members, as well as positioning us strongly as an employer of choice – able to attract, retain and provide opportunities for a team of exceptionally talented colleagues.

During 2022 we launched our new inclusion and diversity strategy '*Being You: Transforming Us*', which is helping us build a culture where all colleagues feel valued and included for who they are.

The unique perspectives held by our colleagues help us respond to the needs of our members and foster greater innovation, ensuring we are fit for the future.

By creating a culture where lived experience is shared, and diverse thought celebrated, we'll be in a better position to support more people on the journey to home ownership.

In addition to striving for increasing demographic diversity, which is about differences in people's demographic characteristics, we recognise the importance of cognitive diversity across the Society.

Cognitive diversity enables us to benefit from differences in people's knowledge, views, and perspectives, as well as the diverse ways in which they approach problems and perceive, process, and interpret information. A cognitively and demographically diverse board is ideally positioned to discharge its responsibilities effectively, enhances the effectiveness of our Board's independence, judgement and decision-making and helps us compete, innovate, and respond to disruption in today's challenging operating environment.

As at 31st December 2022, we had 27% female representation on the Board and are progressing towards our target of 33%, in line with the Hampton Alexander Review. We have also made a commitment to the Business in the Community Race at Work Charter and have reached our current target to have one ethnic minority Board member, in line with the Parker Review.

More information on diversity is available at leedsbuildingsociety.co.uk/your-society/financial-information/diversity/, which provides more context for our commitments and sets out our new high-level targets.

You can also read more about the Being You: Transforming Us strategy by downloading our [Purpose Impact Report](#) in the [Reports and Documents section of the AGM Hub](#).

What is the Society's approach to responsible business?

Our Responsible Business Forum supports the Executive Committee and the Board in overseeing the delivery of our responsible business strategy – this is made up of a group of colleagues who represent business areas which are involved in the delivery of the strategy, with the Chief Strategy & Insights Officer as Chair of the forum.

We know doing the right thing as a business matters to our current and future members. We're in year two of our five-year responsible business strategy (2021-2025) and there are already tangible and positive impacts on the stakeholders and communities we serve. You can read more about our Responsible Business strategy and progress against targets in our new [Purpose Impact Report](#) in the [Reports and Documents section of our AGM Hub](#). The strategy has highlighted the importance of incorporating our core purpose into all that we do, while raising our ambition to prioritise social and environmental issues, alongside our underlying business performance targets.

Our responsible business targets support us in establishing the right priorities and culture across the Society, helping ensure we use our commercial success to drive positive social and environmental impact through what we do, whilst ensuring we have the relevant governance in place to reduce and mitigate risk. The Society is well placed to make progress and drive further change over the coming years.

We saw lots of positive impacts from our strategy in 2022, including:

- Reducing our carbon footprint and being certified as a carbon neutral company* by Climate Impact Partners
- Winning the What Mortgage 'Best Shared Ownership Mortgage Lender' award for the seventh year in a row - demonstrating our commitment to affordable housing
- Withdrawing lending on second homes as part of our commitment to home ownership
- Reaching 3,944 pupils from 29 schools through our financial education volunteering programme
- Reaching our milestone of raising £500,000 for our charity partner Dementia UK 18 months early
- Donating nearly £230,000 to 107 UK charities in 2022 through the Leeds Building Society Foundation, launching new large grants of up to £100,000 to charities supporting those in need of a safe and secure home in Yorkshire and the North East
- Awarding £230,000 to five colleague-nominated charities addressing issues such as homelessness, health inequalities, mental health and the cost-of-living crisis
- Raised over £100,000 for people impacted by the crisis in Ukraine and developing accommodation for refugees above our Peterborough branch, as well as donating £25,000 to the Pakistan floods appeal
- Launching our 'Being You: Transforming Us', inclusion and diversity strategy

What is the Society doing to help combat the effects of climate change?

We're focused on reducing our carbon footprint as a business and as part of our climate strategy we're committed to the orderly transition to a greener, net zero economy by 2050.

Operational emissions (referred to as scope 1 and 2 emissions) stem from the heating, cooling and lighting of our buildings. We've set a target to reach net zero operations by 2030 through a 90% reduction in scope 1 and 2 emissions (using a market-based methodology) and purchase of high-quality carbon offsets to remove the residual 10% of operational emissions that we are unable to reduce.

We've also set a second ambitious target to reduce our scope 1 and 2 location-based emissions by 60% by 2030, which aligns with the UK government's net zero commitments.

To achieve this we've committed to completing an ambitious refurbishment programme across all our branches and offices to improve the energy efficiency of the buildings and reduce energy consumption in line with the latest net zero standards.

In tandem, these two targets will ensure we're playing our part in the transition to net zero, limiting future temperature increases to below 1.5°C and reducing the most harmful impacts of climate change.

We're also working closely with some major house builders around the government's upcoming Future Homes Standard – supporting the move to build homes that are significantly more energy efficient, utilising new technology and building methods, including focusing on reducing carbon from their supply chain.

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 with an A or B EPC rating, enabling members to borrow more than on an equivalent, less energy efficient property.

Since launching our Dedicate a Tree children's savings account, we've planted 5,891 trees across seven woodlands in partnership with the Yorkshire Dales Millennium Trust. This will offset 982 tonnes of emissions over the next 50 years.

Last year none of our waste was submitted to landfill.

You can also read more about our climate strategy by referring to the Climate Risk section of our [Annual Report and Accounts](#) or by downloading our [Purpose Impact Report](#) in the [Reports and Documents section of the AGM Hub](#).

Where will the AGM be held in 2023?

This year's AGM will take place at **11am on Wednesday 19 April 2023 at Leeds Marriott Hotel, 4 Trevelyan Square, Boar Lane, Leeds LS1 6ET.**

Members in attendance at the AGM will have the opportunity to ask questions during the meeting. However, you can also ask a question by email, post or in one of our branches. We'll respond to all questions directly, including questions received after the AGM. For the quickest response, it's best to email your question.

Email: agm@leedsbuildingsociety.co.uk

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