



ANNUAL FINANCIAL REPORT

LEEDS BUILDING SOCIETY

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Leeds Building Society 2024 Annual Results

Leeds Building Society marks 150th anniversary with record-breaking results

Leeds Building Society is today announcing its fourth consecutive year of record-breaking results. With new highs across mortgage lending, savings balances and total membership, the Society continues to support members and achieve its purpose of putting homeownership within reach of more people, generation after generation.

The Society is celebrating its 150th anniversary in 2025 and its purpose remains as relevant as ever. In 1875, house prices were 9.3 times higher than average earnings and today the figure stands at 7.9 [1]. House prices have quadrupled since the turn of this century [2] and in such a difficult economic environment the Society is proud to have helped over 17,600 first-time buyers onto the housing ladder last year.

The Society's strong financial performance has allowed it to invest significantly in its branch network at a time when many banks are reducing their high street presence. At the end of 2024 it was delighted to open its 51st branch, in Solihull, West Midlands.

Key 2024 highlights include:

- **Record mortgage lending with a focus on first-time buyers:** Gross mortgage lending of £5.7 billion (2023: £4.4 billion) and net lending of £2.6 billion (2023: £1.5 billion), representing a 12% increase year on year. The Society increased its market share of new lending in 2024 to 2.3% (2023: 1.9%) and year-end mortgage asset balance stood at a record high of £24.4 billion (2023: £21.8 billion). First-time buyers represented almost half (47%) of all new mortgages in 2024.
- **Record growth in savings:** Our attractive product range, particularly our fixed rate ISAs and competitive variable rate products, has helped us deliver record net savings growth in the year of £3.7 billion. (2023: £3.3 billion). Total savings balances reached a record of £24.5 billion, over 18% higher than 2023 (2023: £20.8 billion).
- **Responding to increased demand for cash ISAs:** ISA balances reached £15bn, and new ISA account openings in 2024 were four times higher than in 2020. Only 7% of the Society's members said they intended to open a stocks and shares ISA in 2025 [3], highlighting the ongoing appetite for tax efficient cash savings.
- **Successful innovation for first-time buyers:** The Society's Income Plus range, allowing first-time buyers to borrow an average of £66,000 [4] more on 95% loan-to-value (LTV) lending compared to a standard mortgage, has been its most successful mortgage product launch ever [5], demonstrating the potential benefits for greater flexibility in lending rules.
- **Record number of members:** Total Society membership increase by 7.8% to a record high of 991,000 (2023: 919,000).
- **Record savings interest generated for members:** Generated the equivalent of £175.0 million in extra interest for members, a new record (2023: £110.0 million) as a result of paying 0.79% above the market average rate. [6]
- **Investment into branches:** Alongside the opening of its 51st branch in Solihull, the Society has renovated and relocated branches in Gloucester and Stevenage.
- **Strong financial performance:** Underlying profit before tax of £187.5 million (2023: £181.5 million). Total assets increased to £31.6 billion (2023: £28.1 billion), a record high. Capital and reserves exceed £2 billion, and liquidity levels continue well above regulatory requirements.
- **Responsible lending:** The average loan to value ratio of new lending was 66.8% and 54.2% for all the Society's mortgages. In a challenging financial environment, the level of UK mortgage arrears decreased

Richard Fearon, Chief Executive Officer, Leeds Building Society said:

"The milestone of our 150th anniversary offers the opportunity to reflect on how far our Society has come. We were helping people onto the housing ladder before the invention of the telephone and the lightbulb, and our purpose remains as relevant as ever today. It's a real privilege to be announcing record-breaking results for a fourth successive year, and I'm incredibly proud of the progress we continue to make to deliver our purpose and support members.

"Our total membership reached an all-time high at the end of 2024. Mortgage completions broke records and savings balances are higher than they have ever been. Interest payments above and beyond the average market rate totalled £175.0 million, as we continue to demonstrate value to our members.

"We continue to see members opening cash ISAs, in fact ISA account openings were four times higher last year than in 2020. Building societies account for about 40% of the cash ISA market and we're opposed to the recent suggestions to cut the amount people are allowed to save within these accounts. It's naïve at best, or deliberate misinformation at worst, for fund managers to say money saved in cash ISAs is dormant. We use it to fuel our mortgage lending. If you significantly reduce that funding, mortgage rates would become more expensive for borrowers. At a time when the cost of living continues to impact millions of people, the last thing that people need is to have greater pressure on their mortgage bills.

"We've been helping people get on, and stay on, the housing ladder for nearly 150 years, and continue to push for real change in the housing market. We know that first-time buyers today face many barriers to entering home ownership, and we continue to find new ways to support them, including our Income Plus and Reach mortgage ranges, the former of which has been our most successful product launch ever. Income Plus allows first-time buyers to borrow more than they would otherwise have been able to, provided they meet specific lending criteria. There is more we can do here to help first-time buyers, and I'm supportive of the government's proposed plans to relax lending rules, as the cap on loans over 4.5 times income has become a real obstacle to us providing more support.

"Our underlying profit of £187.5 million resulted from record trading performance in a turbulent market for both savers and borrowers. [8] As a mutual, we don't have any external shareholders to pay dividends to, and our strong financial performance allows us to invest significantly in our business. We opened a new branch, refurbished and relocated others and improved our online services, allowing members to better engage with us in the way that works best for them.

"Our achievements in 2024 year show the Society at its best, reflecting the talents of our colleagues and the collaborative culture they foster. We're well-positioned to deal with any challenges that lay ahead and it's clear that our nearly one million members continue to recognise our value. We'll continue to invest in supporting our members and deliver our purpose which will remain unchanged, as it has for 150 years, because everyone deserves to have a place to call home."

SUPPORTING HOMEOWNERSHIP

Commitment to putting homeownership within reach of more people, generation after generation, is at the heart of everything the Society does. First-time buyers in particular face many barriers to entering home ownership, and as a result the Society continued to offer enhanced support to them throughout 2024.

- Last year, the Society launched a range of products designed specifically for first-time buyers, including new Income Plus mortgages. The range allows first-time buyers to borrow an average of £66,000 more on 95% loan-to-value (LTV) lending compared to a standard mortgage, allowing them to buy the home they want sooner than they may otherwise have been able to, and has been the Society's most successful product launch ever.
- The Society's Reach Mortgages offering was also expanded in 2024, allowing brokers to give mortgage options to members whose credit score may mean they wouldn't qualify for a standard mortgage.
- The Society's innovative partnership with Experian allowing people to potentially 'boost' their credit scores continued to support aspiring homeowners. Over 4,100 mortgage applications received a boosted Experian credit score in 2024, 64% of which were first-time buyers.
- Lending criteria were improved to increase the LTV on a number of residential mortgages, supporting aspiring homeowners to purchase properties with a smaller deposit.
- The Society continues to be the market leading shared ownership lender, winning awards in 2024 including What Mortgage's 'Best Shared Ownership Mortgage Lender' award for the ninth consecutive year, and Your Mortgage Awards' 'Best Shared Ownership Lender' award.

DELIVERING FOR MEMBERS

The strength of the Society starts with its 991,000 members, the highest number in its 150-year history. Member satisfaction levels were maintained at 94% in 2024, demonstrating the positive outcome of the investment into both digital and face-to-face channels.

- The Society supported almost 3,000 members who were experiencing financial difficulty to stay in their homes and has not charged arrears fees since 2020, a policy which remains in place until at least the end of 2025.
- Working alongside the Department of Levelling Up, Housing and Communities, other lenders and mortgage intermediaries, the Society was involved in the development of the Grenfell Assisted Home Ownership Scheme, giving victims of the disaster the ability to purchase their new homes in the way they would have been able to purchase their previous property.
- Advocating for a fairer planning system is an important part of encouraging more homes to be built in the UK. In 2024, the Society commissioned research and published a new public policy proposal, 'The Case for Inclusive Planning', pushing for wider community input within the planning process.
- Significant progress was made in the core banking transformation programme in 2024, with new digital direct-to-customer mortgage journeys launched for those who want to obtain a mortgage without obtaining advice.
- A new digital ISA application was launched, with one in five of our members now using mobile to apply for an ISA with the Society.

MAKING A DIFFERENCE TO COLLEAGUES AND COMMUNITIES

As a mutual, the Society is aware of its responsibility to the communities it serves. In 2024, it donated over £1 million to 240 organisations through grants and fundraising.

- Since launching a new charity partnership with Barnardo's in April 2024, the Society's colleagues and members have raised over £130,000 to support care-experienced young people at high risk of homelessness.
- We raised more than £1 million for our previous charity partner Dementia UK since 2020, doubling our original four-year target of £500,000, and our support has helped to deliver over 4,000 dementia advice appointments both in branches and online.
- Working with Become, the national charity for care-experienced children and young people, the Society created a training programme to support young people into their first tenancies.
- Colleagues volunteered more than 6,400 hours to support good causes in 2024, continuing to support environmental charity partners including Yorkshire Dales Millennium Trust and the Canal & River Trust.
- The Society's engagement score in its annual colleague survey further improved to 8.4 out of 10, sitting above the UK financial services sector benchmark.
- An updated inclusion and diversity strategy was launched, and progress continues to be made on this agenda. The Society achieved a score of 9 out of 10 in its annual colleague survey on inclusion and diversity, placing it in the top 10% of financial service sector employers.
- The Society remains committed to the orderly transition to a greener, net zero economy by 2050. This year it published a climate transition plan, setting out in more detail climate ambitions, actions and accountabilities.
- Energy efficiency savings continue to be reflected in the affordability assessment for new build homes and the Society continues to offer an energy efficiency assessment tool to members in conjunction with the Energy Saving Trust.
- The Society's work with Keepmoat Homes, to support the first large-scale development of low carbon affordable houses built to the Future Homes Standard. Initial insights from research we have co-funded on the benefits of these homes have been positive.

Ends

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Sources:

[1] House Prices: Land Registry (actual data from 1968 to 2022 - all data is based on calendar year average except for 2024 which is based on latest available, as at end of November 2024). Prior to 1968, house prices are relative to the Bank of England's composite house price index (Source: 'A Millennium of Macroeconomic Data' from the Bank of England - <https://www.bankofengland.co.uk/statistics/research-datasets>)

Earnings: ONS annualised average weekly earnings (Series Code KAB9) - from 2000 to 2023 utilise ONS data table, prior to 2022 source is 'A Millennium of Macroeconomic Data' from the Bank of England

[2] A Place to Call Home: Barriers to entering the housing market then, now and in the future. A report by Leeds Building Society (https://www.leedsbuildingsociety.co.uk/_resources/pdfs/knowledge-base-pdfs/a-place-to-call-home.pdf)

[3] Leeds Building Society survey of 393 members, January 2025

[4] The £66,000 figure is the average in maximum loan size across all LTVs at Leeds Building Society and is a comparison of Income Plus lending with the Society's standard residential lending.

[5] Based on the volume of applications received over a three-month period from December 2024 - February 2025

[6] Source: CACI's CSDB, Stock, January 2024 to December 2024, latest data available. CACI is an independent company that provides financial benchmarking data of the retail cash savings market.

[7] The percentage of borrowers that were greater than or equal to three months in arrears.

[8] Underlying profit before tax has been adjusted for one-off items being the repurchase of PIBS, the revaluation of our Head Office building and the cost of the voluntary financial support scheme for customers whose trusts were impacted by the collapse of Philips Trust Corporation (PTC).

Notes to Editors

About Leeds Building Society

- Leeds Building Society is the UK's fifth-largest Building Society with assets of £31.6bn and a total membership of 991,000 as at the end of December 2024
- The Society's purpose is putting home ownership within reach of more people, generation after generation
- It continues to do today what it was set up to do in 1875 - help people save money and buy their own home. The Society operates as a mutual, developing and innovating its product range and service offer to help members achieve their financial goals
- The Society won the title of Best Shared Ownership Mortgage Lender in the 2024 What Mortgage Awards, its ninth consecutive year of success in this category
- The Society employs over 1,800 colleagues, with a head office in the centre of Leeds, a customer contact centre in Newcastle and a network of 51 branches across the UK
- The Society has been a Living Wage employer since 2019
- The Society is committed to the orderly transition to a greener, net zero economy by 2050 and has set a second ambitious target to reduce our scope 1 and 2 location-based emissions by 60% by 2030, aligning with the UK's net zero commitments
- For more on what we do and how we help our members, visit [Leeds Building Society](https://www.leedsbuildingsociety.co.uk).

GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

Summary Consolidated Income Statement

	<u>2024</u>	<u>2023</u>
	£M	£M
Interest receivable and similar income	1,592.1	1,263.6
Interest payable and similar charges	(1,229.2)	(926.0)
Net interest receivable	362.9	337.6
Fees and commissions receivable	5.1	5.2
Fees and commissions payable	(0.6)	(0.8)
Fair value gains/ (losses) from financial instruments	10.3	(6.7)
Other operating (expense)/ income	(22.1)	22.2
Total income	355.6	357.5
Administrative expenses	(185.4)	(159.9)
Depreciation and amortisation	(10.6)	(9.1)
Impairment release/ (charge) on loans and advances to customers	5.7	(6.1)
Impairment of property, plant and equipment and intangible assets	(17.5)	(0.2)
Provisions charge	(10.3)	(0.7)
Operating profit and profit before tax	137.5	181.5
Tax expense	(37.6)	(47.6)
Profit for the financial year	99.9	133.9

Summary Consolidated Statement of Financial Position

	<u>31 December</u>	<u>31 December</u>
	<u>2024</u>	<u>2023</u>
	£M	£M
Assets		
Liquid assets	6,545.5	5,559.3
Derivative financial instruments	371.1	443.6
Loans and advances to customers	24,550.5	21,941.2
Fair value hedge accounting adjustment	(173.1)	(132.3)
Other assets, prepayments and accrued income	238.1	224.1
Current tax assets	-	9.8
Deferred tax assets	-	3.0
Intangible assets	35.1	29.8
Property, plant and equipment	45.4	64.5
Retirement benefit surplus	-	2.9
Total assets	31,612.6	28,145.9
Liabilities and equity		
Shares	24,529.8	20,793.0
Fair value hedge accounting adjustment	8.8	31.9
Derivative financial instruments	98.0	233.0
Wholesale funding	4,535.2	4,747.8
Other liabilities and accruals	347.3	300.2
Current tax liabilities	0.6	-
Deferred tax liabilities	25.6	38.4
Provisions for liabilities and charges	4.2	1.3
Retirement benefit obligation	0.5	-
Subordinated liabilities	334.2	323.9
Subscribed capital	8.0	33.0
Total equity attributable to members	1,720.4	1,643.4
Total liabilities and equity	31,612.6	28,145.9

Summary Consolidated Statement of Comprehensive Income

	<u>2024</u>	<u>2023</u>
	£M	£M
Fair value gains recorded in cash flow hedge reserve	19.1	15.0
Gains previously recorded in cash flow hedge reserve amortised through profit or loss	(27.9)	(26.7)
Fair value (losses) / gains on investment securities	(19.4)	14.8
Actuarial loss on retirement benefit surplus	(3.5)	(0.9)
Tax on items taken directly to equity	8.8	0.5
Other comprehensive income net of tax	(22.9)	2.7
Profit for the year	99.9	133.9
Total comprehensive income for the year	77.0	136.6

Summary Consolidated Statement of Cash Flows	<u>2024</u>	<u>2023</u>
	£M	£M
Net cash flows from operating activities	723.5	1,168.2
Net cash flows from investing activities	(1,450.4)	(1,123.3)
Net cash flows from financing activities	<u>356.5</u>	<u>(202.3)</u>
	(370.4)	(157.4)
Cash and cash equivalents at the beginning of the year	<u>2,965.9</u>	<u>3,123.3</u>
Cash and cash equivalents at the end of the year	<u>2,595.5</u>	<u>2,965.9</u>

Summary of key ratios	<u>2024</u>	<u>2023</u>
Net interest margin	1.21%	1.26%
Gross capital as a percentage of shares and borrowings	7.10%	7.83%
Liquid assets as a percentage of shares and borrowings	22.52%	21.77%
Profit after tax for the year as a percentage of mean total assets	0.33%	0.50%
Management expenses as a percentage of mean total assets	0.66%	0.63%

Notes to the Financial Information

1. The financial information set out above, which was approved by the Board of directors on 27 February 2025, does not constitute accounts within the meaning of the Building Societies Act 1986.

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