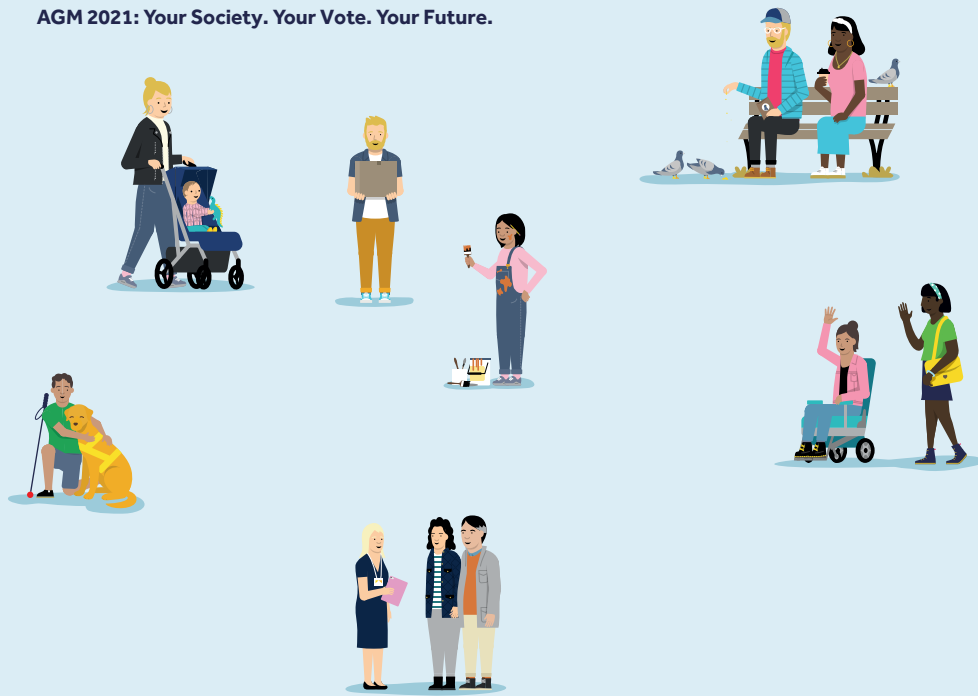




AGM 2021: Your annual update

**Your Society.
Your Vote.
Your Future.**



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The reason we exist is to serve you.
We're always working to help you in the best way possible – to meet your needs of today and prepare for those of tomorrow. This is our annual update on what's been happening, and how you can help shape what happens next.



Help shape the future of your Society



Chair's Welcome

I was privileged to succeed Robin Ashton as Chair last April. I would like to begin my first update by paying tribute to my colleagues throughout the Society, and acknowledging their supreme efforts during this period of professional and personal challenge.

This was a genuine team effort but, as an essential service provider, we kept the vast majority of our branches open throughout the periods of lockdown, and I would particularly like to thank our colleagues who have continued to attend our branches, contact centre and essential office locations.

The operation of the Board

It's the Board's role to ensure the Society protects the long-term interests of current and future members. The pandemic has presented unique challenges in this regard. From the first lockdown in March, we immediately adapted the operation of the Board, holding virtual meetings at least weekly, which were reduced as the situation began to stabilise.

During this period, our objective was to ensure our priorities adapted appropriately to the emerging circumstances, while also maintaining focus on the long term. We ensured management were supported in navigating the business through a period of exceptional uncertainty.

Our guiding principles during this time remained rooted in our mutuality and culture. Our highest priorities were the health, safety and wellbeing of all our colleagues and members, the financial security of the Society and the maintenance of service to our members.

Performance

The Board considers the Society responded extremely well to the operational challenges of the pandemic. Rapid deployment of technology allowed as many colleagues as possible to work

from home, while all our premises were made COVID-secure to ensure colleagues and members were safe in branches and essential office locations. We recorded high levels of employee engagement, and colleagues acknowledged confidence in the Society's leadership and the support that has been provided to them. This is not something we take for granted, and we have worked hard to maintain our culture during this period of dispersed working.

From an economic perspective, we experienced a rapid initial large-scale shrinkage in the economy, followed by an element of recovery, the government's introduction of support for the economy, and a fall in interest rates to virtually zero.

In navigating this environment, we have sought to protect savers and serve borrowers by lending, where prudent to do so, and offer as much support as possible to borrowers impacted by the crisis. We chose to moderate our plans for the year and deliberately slow growth of the business as a response to the uncertain outlook.

We decided not to furlough, or take advantage of taxpayer-funded support schemes, although we have made use of the Bank of England's funding schemes designed to encourage the continued supply of credit to the economy and mitigate the worst economic impacts of the pandemic. While your interests remain paramount, we are mindful of our wider obligations to the communities in which we operate, and these have been reflected in our decision making.

I'm pleased to report that we delivered a number of important long-term developments in 2020, most notably the successful implementation of Mortgage Hub, our new online platform to automate the mortgage application process; the rapid creation of online support tools for borrowers facing financial difficulties as a result of the pandemic; enhancements to online functionality for savers; and the near completion of our new head office.

Overall, the Board considers our financial performance under these circumstances to be extremely strong and that we have struck the

right balance in supporting members through the pandemic, maintaining the Society's exceptional financial strength and positioning it well for future success.

Remuneration matters are covered separately in the Remuneration Report but I would draw your attention to the decision, consistent with the Society's desired culture, to shift the emphasis of remuneration schemes for senior management away from variable pay and more towards fixed pay. We believe this is in the best long-term interests of members and is unrelated to the pandemic.

Board changes

Robin Ashton retired from the Board in April after nine years' service. We owe him a great debt of gratitude and he played an instrumental role in ensuring we now find ourselves in such a strong financial position. Phil Jenks also retired from the Board after eight years' service and we have benefitted greatly from his extensive industry experience and wise counsel throughout that time. John Hunt has announced his intention to retire at the forthcoming AGM having completed two full terms. His contribution over that time has been immensely valuable.

I'm delighted to report that Andy Conroy was appointed to the Board as Chief Financial Officer, having joined the Society on an interim basis in 2019. I'm also delighted to report that Neil Fuller has joined the Board as a Non Executive Director after a 35 year career spent principally with Bank of Ireland, GE Capital and Royal Bank of Scotland. In appointing Neil, the Board considered a diverse range of candidates. During 2021, the Board will be seeking to make further non executive appointments as part of our succession planning. As Chair, I am extremely mindful of the importance of having a diverse range of skills, experience and perspectives around the Board table and this will be uppermost in my mind through the recruitment process.

It is unfortunate the pandemic denied members the usual opportunity to meet the Board and raise questions at AGM 2020 and this will be the case again in 2021, although you have the opportunity to submit questions in advance (see page 40).



Your feedback is vital to us and if you have questions or comments relating to Board matters at any time please email: agm@leedsbuildingsociety.co.uk

Outlook

We still face a period of uncertainty and, while the coronavirus vaccination programme provides light at the end of the tunnel in terms of public health, the economic and societal impacts of the pandemic, compounded with the Brexit transition process, mean the external environment will continue to be uncertain, with risks skewed to the downside.

We will continue to adhere to the principles we followed throughout this crisis but also recognise the post-pandemic world will undoubtedly present opportunities and your Society can face the future, confident in the strength of its position.

Finally, I would like to thank my Board colleagues for their commitment to the Society during such a demanding year, and for their support for me in my first months as Chair.

Iain Cornish, Chair
25 February 2021

Chief Executive Officer's Review of 2020

Richard Fearon shares his thoughts and reflects on the past 12 months.

When I reported 2019's annual results 12 months ago, nobody could have anticipated quite how tumultuous a year 2020 would prove to be, for all of us.

As historic events were happening daily, we all had to find new ways of living and working and the Society needed to adapt to this fast-changing environment to ensure we could carry on supporting you during this unique and challenging time.

We did so by remaining true to our purpose and responding rapidly to the world around us. Our colleagues have played a key role in this. The trust, and mutual support, they have provided to one another has helped us through a testing year, and the continuing trust shown in us by you, our members, is never taken for granted. We would not exist as a business without you.

I would like to take this opportunity to thank you for your continued support, given both to the Society and to me as Chief Executive Officer.



In response to member feedback, this year I wanted to directly address some questions you may have, so below is a Q&A section that I hope provides a helpful perspective on the year we have had.

How did the pandemic impact the Society's priorities?

As the scale and potential risks of the pandemic became more evident in the early months of the year, we took the decision to review and refocus our Corporate Priorities from April onwards.

Throughout the year, we remained focused on these three priorities – safely keeping the Society operating for the benefit of our members, keeping the Society financially resilient, and at all times communicating with our members and colleagues.

How did you safely keep the Society operating for the benefit of our members?

Your safety, and that of our colleagues was key throughout 2020. Our colleagues' diligence, care and dedication enabled us to respond nimbly and flexibly during the year, deploying resources where they were most needed, often at short notice.

Some were called on to switch roles and bolster customer-facing teams dealing with soaring enquiry numbers. Others worked behind the scenes to develop IT solutions to maintain service and make digital interactions easier for you.

Unlike many businesses during the pandemic, we didn't furlough any colleagues and our colleagues remain highly motivated, with record engagement of 86%¹.

How did you ensure that the Society remained financially resilient?

From a mortgages perspective, we've stuck to our successful strategy to support customer groups less well-served by the wider market, whether that's first time buyers, later life borrowers or home buyers accessing affordable housing schemes.

We remained active in the Shared Ownership market, including at 95% loan to value, throughout the year. Our expertise in this important sector was recognised in the 2020 What Mortgage Awards, where we were named Best Shared Ownership Mortgage Lender for a fifth consecutive year.

We continued to support our savers, despite the historically low interest rate environment in which the Bank of England Base Rate has dropped yet further. We work hard to keep our rates as high as possible for as long as possible. Although we reluctantly had to make some rate changes on existing products in response to falling market rates, our financial strength enabled us to consistently pay above the market average to our savings members, equating to an annual benefit of £82.8 million².

We were pleased to again secure a 2020 Gold Ribbon from Fairer Finance for offering a good customer experience for savers, explaining our accounts clearly and making them straightforward to operate.

How did the pandemic impact the Society's financial performance?

We began 2020 with very strong liquidity, which allowed us to reduce excess liquidity while still ensuring a secure position, well above regulatory requirements.

¹Your Voice colleague survey, 1,225 respondents in Oct 2020.

²CACI's CSDB, Stock, Dec 2019 to Nov 2020, latest data available. CACI is an independent company that provides financial benchmarking data for the retail cash savings market.

Chief Executive Officer's Review of 2020

This prudence, and our low-risk business model, has helped to maintain our reserves and financial strength, meaning we're well-placed to withstand economic shocks and market uncertainty.

Having tempered levels of growth and tightened risk appetite, we made appropriate provisions to reflect tougher economic conditions ahead.

As a mutual, we aim to generate resilient levels of profit, which we then invest back into the business. We achieved strong profit before tax of £80.7 million for 2020. This has enabled us to further increase our capital and reserves to £1.35 billion, well above the regulatory requirement.

Unfortunately, we did need to make some difficult choices in 2020, which included closing three branches and withdrawing from Brecon. A tough decision which ensures we remain efficient in the longer term for your benefit.

Despite the immediate and ongoing challenges of the pandemic, we've never lost sight of our aims further into the future. I'm confident our longer-term strategy is working well for the Society and you, our members.

You can find more information on our performance in the annual report and accounts document on our website or within the summary financial statement in this magazine (see page 26).

How did you communicate with members and colleagues during this difficult year?

Listening to what matters to you and seeking your feedback helps us to shape how we innovate and develop our products and improve service.

The unsettling times caused by the pandemic have made this two-way communication even more important and we've responded by increasing the frequency of our usual updates to you and our colleagues.

I was proud of, and also humbled by, the fantastic response from our exceptional colleagues, who were there for you and each other. If there was ever a remarkable example of living our mutual values, one of the most significant peacetime global events in our long history has brought out the very best in our people. I couldn't be more grateful for how they've risen to overcome every challenge.

How have you supported our communities in 2020?

As a mutual, purpose has been core to our existence since we were founded over 145 years ago. I'm pleased to confirm we've published our approach to How We Do Business to clearly set out our promises of how we'll carry on doing the right thing for you, our colleagues and communities.

We know our commitment to operating responsibly is as important to you as it is to us. We're proud of the ways we can demonstrate this, such as our certification with the Carbon Trust Standard for Carbon, our accreditation with Fair Tax Mark, and being a Living Wage Employer and Leaders in Diversity.

The pandemic forced changes to how we could launch our new partnership with Dementia UK, but some creative thinking ensured colleagues rallied immediately, coming up with socially-distanced challenges, raising more than £150,000 by the end of 2020.

What would you say were the key success stories of 2020?

Successes included the swift creation of online mortgage payment deferral capability for borrowers facing financial difficulty. We've now automated, extended and improved this process, supporting 27,500 mortgage payment deferral applications in 2020.

As well as directly supporting members, we remained mindful of the importance of our intermediary partners to our success as a mortgage lender.

For that reason, I was particularly pleased by the successful roll-out of our Mortgage Hub during the summer. This user-friendly new technology platform improves user experience for members and intermediaries and supports more effective ways of working and greater efficiency across the Society in the future.

Mortgage Hub is the most visible result of the significant and ongoing investment we've made in our technology systems to ensure they can be better integrated and updated in future years.

The platform is already delivering improvements to service levels, which came under sustained pressure at various points during 2020, and I apologise that at times we didn't maintain the high service standards we aspire to. The housing market seized up during the first lockdown in March, which led to a backlog of mortgage applications. The temporary stamp duty holiday introduced in July then greatly accelerated the market's recovery in the second half of the year. This led to some of the busiest months for applications we have ever seen.

Looking ahead, what are your key investments for the future?

We remain committed to a sustainable branch network where there's sufficient demand, and in the autumn confirmed the purchase of new premises for our Leeds city centre branch.

If you have any questions I've not covered here, you can submit them, in advance of the AGM, by email: agm@leedsbuildingsociety.co.uk or post: Society's Secretary, Leeds Building Society, 105 Albion Street, Leeds, LS1 5AS. Find out more on page 40.

To find out more about our financial performance in 2020, and to read my full CEO review, view our Annual Report and Accounts on our website: leedsbuildingsociety.co.uk/reports

We're set to move into our new Sovereign Street headquarters in 2021. This will bring together back-office functions previously split across three sites, further increasing operational efficiency, and reducing our carbon footprint.

All of our investment to future-proof the Society, whether through digital innovation or choosing and securing new premises, is with long-term value in mind, for the benefit of our membership as a whole, which remains at the heart of our decision making.

How would you describe the outlook for Leeds Building Society as we move into 2021?

It may take some considerable time before the UK economy sees the full effects of both the pandemic and Brexit. While progress with coronavirus vaccines has brought optimism, a great deal of uncertainty remains.

Low Bank of England Base Rate expectations mean savings rates across the market are likely to remain historically low, but we'll continue working hard to protect our savings members and aim to carry on paying above the market average on our savings products.

Leeds Building Society was created because our founders believed they could achieve more by working together. After a year where mutual support and co-operation were shown to truly make a difference, I know we can continue to succeed against what may feel overwhelming or unachievable, if we do so together.

Year at a glance

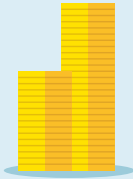
Savings

We paid an average rate of **1.19%** to our savers*

Compared to rest of market average of 0.60%



£82.8 million annual benefit to savers*



23,000 new savings members joined us



Mortgages

We helped **8,000** more people buy their first home



We helped **26,250** more people have the home they want



We supported **27,500** mortgage payment deferral applications



Also known as mortgage payment holidays

Charitable donations

£150,000 raised for Dementia UK in 9 months



£148,000 Leeds Building Society Foundation donations to 163 charities



Awards and recognition

What Mortgage **Best Shared Ownership Mortgage Lender 2016–2020**



Retained **Fairer Finance Gold Ribbon** for a third year



Accredited with the **Fair Tax Mark** for a third year



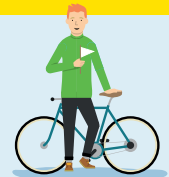
Retained the National Centre for Diversity **Leaders in Diversity Accreditation**



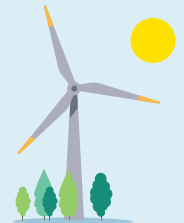
Environment

97% reduction in CO₂e emissions since 2016

Based on scope 1 and 2 emissions.



We've purchased **100% renewable energy** in all branches and offices



97% waste diverted from landfill in creating our new head office

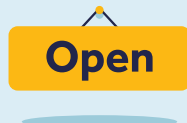


The Carbon Trust **Standard certified** since 2018



People and service

98% of our branches remained open throughout the pandemic in 2020 for essential transactions



More than 1,700 volunteering hours invested by our colleagues



Maintained a **4*** Trustpilot rating from member reviews



93% member satisfaction rate

Overall member satisfaction in a survey of 3,391 members from Jan–Dec 2020



*CACI's CSDB, Stock, Dec 2019 to Nov 2020, latest data available. CACI is an independent company that provides financial benchmarking data for the retail cash savings market.



The past year has seen a different way of life for all of us. Our colleagues quickly adapted to the changing world, so we could maintain our services and provide continued support to you.



Responding to the world around us

Keeping our branches safe
Since the pandemic began, we've worked hard to make sure you can continue to access our services. 98% of our branches remained open for essential transactions, and all of our sites were COVID-secure after we implemented enhanced safety measures. The welfare of our colleagues and branch visitors remained our number one priority.

Unwavering support
We introduced dedicated times in branches for our elderly and vulnerable members, along with new efficient ways to transact with us including Faster Payments and a new 24/7 mortgage

payment line. You could also apply for mortgage payment deferrals through our website within 12 days of the government announcement, helping to bring some peace of mind to those members who needed it most. In 2020, we approved 27,500 payment deferral applications.

We launched extra measures to support those experiencing financial difficulties. This included, from March 2020, a temporary stop on charging arrears fees. And we don't plan to charge fees again until April 2021 at the earliest. We also provided the option to extend mortgage offers by three months.

Thank you colleagues!
Colleagues from across the business proved their dedication once again. They worked overtime, were drafted into areas needing extra support, and turned their living rooms into office spaces. Our contact centre colleagues worked hard to support you by phone and through our social media channels.

Positive feedback
And even throughout this challenging period, we're proud to have maintained our 4* Trustpilot rating.

Making things easier

Support in difficult times
In September, we partnered with Equiniti who manage the Death Notification Service, because we appreciate how difficult registering a death can be. This service enables a bereavement notification to be given to multiple financial services organisations at once, removing the need for several difficult conversations. We were one of the first building societies to introduce this service.



Launching Mortgage Hub
We delivered a number of planned improvements in 2020, including the launch of Mortgage Hub, our new mortgage processing platform for intermediaries. If you use an intermediary for your mortgage, this system provides

them with a streamlined, user-friendly experience, from decision in principle all the way through to completion. We've received highly positive feedback about the system and its benefits.

Insight:
Katie Marriott
Head of Mortgage Services



"Last year was an incredibly challenging time for our members. So many found themselves in completely unexpected circumstances with real challenges in balancing their finances, including paying their mortgage.

Following the government announcement to introduce mortgage payment deferrals,

the way that teams from across the Society came together was fantastic. The speed at which our online application process was up and running is testament to the determination of our colleagues. We're all motivated, as always, by one thing; supporting our members and being there when they need us."



Insight:
Natasha Kaur
Edinburgh Branch Manager



“The pandemic impacted the whole financial services sector, with many new challenges for both the savings and mortgage markets.

We saw a high demand for savings products in 2020. In light of this demand our goal was to effectively manage the products we had on sale, protecting member returns and maintaining service levels. These are areas we'll continue to work hard on as the world around us evolves in unfamiliar and unusual ways.

It was great to see how we adapted quickly by offering more property valuations remotely, in response to social distancing requirements. These changes meant we were able to issue mortgages to 26,250 members, helping them to have the home they want.

It really does make me proud to work for Leeds Building Society, as we aim to protect our members' interests, putting their future at the heart of decisions.”

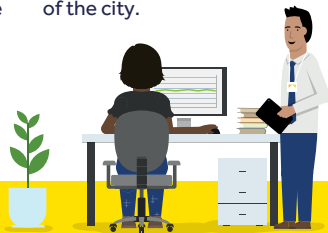
Changes to our branch network

Adapting to demand

Over the last few years, we've seen notable changes in the way members access our services, including reduced footfall in some local branches. As a result, we made the difficult decision to close our Adel, Bradford and Ripon branches in November. As well as this, our Brecon branch transferred to Monmouthshire Building Society in January 2021.

We're always mindful of the impact of such decisions. Not only for our members, but for our colleagues working in those locations. We made sure there wouldn't be any redundancies and all affected colleagues were transferred into new roles. We remain committed to our branch network, and continue to invest where there are sustainable opportunities.

Last year we purchased a new location for our Leeds city centre branch. This site will be the largest in our network, boasting a prominent corner position on a busy street in the heart of the city.



Keeping your personal details safe

Raising awareness

Highlighting the risks posed by fraud and financial crime continues to be a focus for us.

In 2020, we shared regular updates on new scams, including those brought about by the pandemic. We continued to deliver financial crime training

to our colleagues, and added enhanced warnings across our transaction systems to prompt you to stop and think before committing to a transaction.

Your feedback highlighted that you appreciate this kind of information, so we'll continue to provide guidance in the future.

Embracing new standards

The support and guidance we provide about how to spot and avoid scams is aligned to the Take Five Charter. This Charter helps banks and building societies share consistent fraud advice with members and customers, to help them protect themselves from financial fraud.

Securing your future

Keeping things moving

The introduction of lockdown impacted the whole housing industry. Physical valuations couldn't take place and estate agents closed as the government instructed the nation to stay at home. Nevertheless, we continued to progress mortgage applications, working with our partners to carry out remote and automated valuations where possible.

Record breaking mortgage applications

With the Bank of England Base Rate at an all time low, coronavirus restrictions easing and changes in stamp duty costs, demand for mortgages increased. In fact, we had 65% more applications between July and December 2020 than we did in the same period the previous year. Our colleagues processed these as quickly as possible, to help you move and have the home you want.

Changing interest rates

In response to the drop in the Bank of England Base Rate in March last year, we took the difficult decision to lower our savings rates. Despite this historic low, we remained committed to paying more than the industry average. This equated to a benefit of £82.8 million in extra interest to you.

CACI's CSDB, Stock, Dec 2019 to Nov 2020, latest data available. CACI is an independent company that provides financial benchmarking data for the retail cash savings market.

Our purpose is to help you save and have the home you want. It's always at the forefront of every decision, so your money continues to be in safe hands.

Putting
your
future
first



Fairness, transparency and good ethical practice remain at the heart of everything we do. We're committed to doing the right thing for you, our colleagues and the world around us.

Doing the right thing



Investing in reducing our carbon footprint

The Carbon Trust Standard
We're proud to say we've held the Carbon Trust Standard for Carbon since 2018. This demonstrates our commitment to reducing our carbon footprint, and are one of only two building societies to have this certification.

We've reduced our footprint through a number of initiatives, including using 100% renewable electricity, powered by wind and hydro sources, in our branches and offices.

A greener HQ
This year, we're moving into a new head office in Leeds city centre. Our contractor, a company called Graham, has worked hard over the past 18 months to transform an existing building on Sovereign Street, with our carbon footprint in mind.

Much of the existing building exterior has been replaced with energy efficient glass; increasing the amount of natural light by 50% and reducing our reliance on artificial lighting. We worked with a Leeds-based company to upcycle waste glass and timber to create worktops and other fixtures. As a result, 97% of the material removed during construction has been recycled.



We struck gold again with Fairer Finance



Your feedback matters
As we continually strive to do the right thing, there really is nothing better than when you tell us we're getting it right.

That's why we're proud to have been Gold Ribbon accredited by Fairer Finance. This ribbon means we're rated by you as one of the best savings providers in the UK for customer experience. This is the sixth time we've been accredited, which demonstrates our commitment to transparency and making your lives easier wherever we can.

Fairer Finance is a consumer group committed to creating a fairer financial services market.

First high street financial services provider accredited with Fair Tax Mark

Open and honest reporting
Tax funds the services we all rely on like education, social care and health. The pandemic has demonstrated just how important these public services are to us all.

We're committed to being open and honest about our tax reporting - paying the right amount of tax, at the right time, and in the right places. We were very proud to be the first high street financial services provider to be accredited with the Fair Tax Mark in 2018, and were reaccredited for the third time in June last year.

It's important to us that you trust us to do the right thing, and we think this accreditation means exactly that.

Leaders in diversity

Committed to inclusivity
We're dedicated to building an inclusive culture, a place where all our colleagues can flourish without barriers.

We were the first financial services organisation to be recognised in this area by the National Centre for Diversity back in 2016 - firstly as Investors in Diversity and then in 2018 as Leaders in Diversity. We've proudly retained these accreditations since then.



Insight:
Paul Monaghan
Chief Executive, Fair Tax Mark



"All too often paying tax is presented as a burden, but polling of Leeds Building Society members, and our own research, has shown that consumers view responsible tax behaviour as key to trusting a business.

They understand the vital contribution tax makes to public services like the NHS, policing and schools. And that a level playing field on which businesses compete, is essential to

avoid any unfair advantage. Support for the Fair Tax Mark has reached a new high, with nearly two-thirds of the public saying they would switch the businesses they use to one that has the Fair Tax Mark.

We're proud to be supporting organisations like Leeds Building Society who say what they pay with pride."



Insight: Vicky Wheeler

Admiral Nurse, Dementia UK



"On the Admiral Nurse Dementia Helpline, we've seen first-hand the huge impact coronavirus, social distancing and lockdown has had on those living with dementia.

With the support from Leeds Building Society, we have been able to increase the number of telephone lines, so we can provide more support to more people.

We have also been able to purchase equipment to work from home, meaning our dementia specialist Admiral Nurses can continue to provide much-needed, personalised support over the phone throughout the pandemic.

We're so grateful to Leeds Building Society for raising this money, allowing us peace of mind knowing we can continue providing our service to those living with dementia."

Hitting our first big milestone for Dementia UK

Committed to the game



Positive changes in your community

You voted for Dementia UK to become our new charity partner when our partnership with Samaritans ended last March.

With a fundraising goal of £500,000 by 2024, our support will help the charity take vital dementia care into communities across the UK.

We kicked off our fundraising efforts in April with a donation of £25,000 to help the charity navigate the uncertain times brought about by the pandemic.

Getting fit and doing our bit
Although the pandemic put our traditional fundraising plans on hold, our colleagues still found innovative ways to fundraise. The Do it Daily challenge saw them running, cycling, and hula-hooping their way to a whopping £31,000 in July! After only nine months, we were pleased to report that thanks to your generosity and the fundraising efforts of our colleagues, we'd already raised more than £150,000 for Dementia UK.



Proud supporters
2020 marked our 14th year as Leeds Rhinos' main sponsor. It's a partnership that cements our dedication to the city of Leeds, and surrounding areas.

Leeds Rhinos faced unique challenges in 2020 as the rugby league season was on hold. Eventually the team returned to play in crowdless stadiums, while fans watched and supported from their screens at home.

Rhinos for the win!
We were so proud to see Leeds Rhinos win the Challenge Cup at Wembley in October after an unexpected and eventful season. It was also fantastic to see the Leeds Building Society name in lights, front and centre on the players' shirts. We watched along with millions of fans around the country.

Supporting local causes

Leeds Building Society Foundation makes donations of up to £1,000 to UK-based charities to support community-based projects.

Last year the Foundation granted more than £148,000 to 163 charities. This included a food relief charity who provide free meals to the homeless and vulnerable. And a mental health charity who make sure anyone experiencing mental health problems has somewhere to turn. With their donation they purchased plants and a greenhouse to create a tranquil space for those who need it.

Donating our time

Through our volunteering scheme, colleagues are able to give seven hours of time to support local causes. Last year we doubled this to 14 due to the heightened need to support the community.

This saw colleagues give support in a number of different ways to those affected by the pandemic. Some helped those shielding with food shopping, whilst others signed up to help organisations deliver prescriptions to the elderly and vulnerable. Last year our colleagues spent 1,700 hours giving their time to support the communities in which they live. This is an amazing achievement, especially in a pandemic.

You vote, we donate

Members supported our fundraising through the Your Interest in Theirs scheme, which sees the pence amount from savings interest donated to our charity partner or Leeds Building Society Foundation. And, if you voted in the AGM 2020, you also contributed to a further £8,000. We donate 20p for every online vote and 10p for every paper vote.

We support the causes you care about. From local projects through Leeds Building Society Foundation, to national organisations like our charity partner.




Meet the Directors

AGM 2021 is your chance to vote for the Society's Board of Directors and other important matters.

Your vote really does make a difference – a Director will only be elected or re-elected if the majority of members vote in their favour. Your vote empowers them to act in your best interests.

By responding to the world around us and preparing for the future, the appointed Directors will work to ensure the Society remains strong and secure, so we can be here for our members for another 145 years.

Key to board committees:


A Audit Committee N Nominations Committee  Committee Chair
B Board Risk Committee R Remuneration Committee

Effective as at 31 December 2020

Meet the Directors



Iain Cornish
Chair and Independent
Non Executive Director

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

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 non executive director and Chair of St James's Place plc, a non executive director of St James's Place UK plc and a trustee and treasurer of Macmillan Cancer Support.

"As Chair, my role is to lead the Board and to oversee the development and delivery of the Society's strategy. In 2020, my first year as Chair, the Board's primary focus was to adapt to the changing environment so that we could remain operating for members, keep colleagues informed and safe and maintain financial resilience. As we move into the next 12 months, my priority will be to continue to protect and promote the Society's sustainable success on behalf of members."



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 10 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 Chief Executive Officer, Richard has responsibility for developing and proposing the Society's strategy, objectives and plans and maintaining our business model and culture.

Other roles: Richard is a member of the UK Finance Mortgages Product and Service Board and a member of the Business in the Community Yorkshire & Humber Advisory Board.

"One of my priorities as CEO is to ensure our members are at the heart of every decision we make. Our revised 2020 corporate priorities supported us in navigating the disruption caused by the coronavirus pandemic so that we could continue to effectively serve members, upholding 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."

Meet the Directors



Annette Barnes
Independent Non Executive
Director

Appointed: February 2019
Committee membership: B

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.

Other roles: Annette is a non executive director of GlobalData plc, Old Mutual Wealth Ltd and Old Mutual Wealth Life & Pensions Ltd.

“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 is for me to challenge and support management, so that collectively we can continue to meet the changing needs of members, colleagues and other stakeholders.”



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

Other roles: Andrew is a trustee for Saltmine Trust.

“My appointment as Chief Financial Officer was made permanent last year, just prior to the onset of the pandemic. Coronavirus has impacted the global economy and this, as you would expect, has impacted many firms in the financial services sector, as well as many of our members. Throughout the year, my focus was supporting our members and colleagues by safeguarding the Society's financial position. This continues to be my priority, as I lead our Finance function into 2021.”

Meet the Directors



David Fisher
Independent Non Executive
Director

Appointed: March 2012
Committee membership: (B) A R

Strengths and experience: With more than 30 years' experience in financial services, David's career began at Halifax Building Society. Since then, he has 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 and continues to undertake a number of advisory roles.

David is Chair of the Board Risk Committee and his responsibilities include safeguarding the independence of the risk function.

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 Chair of the Board Risk Committee is to ensure we have robust systems in place to manage risks throughout the business, which include our risk management framework and internal controls. The management team has responded well 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
Committee membership: B A

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 will bring value and further strengthen the Board.

Other roles: Neil is a non executive director of Aspinall Financial Services Ltd.

“I believe the experience I have gained as Chief Risk Officer at different organisations and my understanding of risk management and the principal risks facing the financial services sector will bring value to the Board and I very much look forward to working with the Society.”

Meet the Directors



Andrew Greenwood
Chief Risk Officer

Appointed: 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 legal, compliance and risk focused roles. Having developed extensive experience of working in a highly regulated environment, Andrew leads the Risk function, which comprises of a number of specialist teams.

Andrew is responsible for the overall management of the Society's risk control framework, which includes co-ordinating and managing principal risks and risk appetite. He reports directly to the Board Risk Committee and attends all the Society's management risk committees.

From the start of 2020, Andrew also took on responsibility for our Human Resources, Learning and Development and Property and Business Services functions.

"Having worked for the Society for more than 20 years, primarily in the Risk function, I have extensive experience of risk management and a strong knowledge of the organisation. 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 them understand the model framework, which underpins assumptions and decision making. This role will continue to be important as we adapt our plans in line with changes in the economy."



Gareth Hoskin
Independent Non Executive
Director

Appointed: November 2015

Committee membership: (A) B N R

Strengths and experience: Gareth has acquired extensive experience during his 30 years working in financial services, both in the UK and internationally. 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 the Audit Committee of Saga plc and a non executive director and Chair of Acromas Insurance Company Ltd. He is also advisor to the Board of Green Park Partners Ltd.

"As Chair of the Audit Committee, it is 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 is my role to challenge where required and to use my experience from the past 30 years to oversee the Society's reporting and audit processes."

Meet the Directors



Lynn McManus
Independent Non Executive
Director

Appointed: September 2017

Committee membership: (R) A B N

Strengths and experience: Lynn joined the Board in September 2017 bringing more than 20 years' experience within financial services. She has worked within finance, risk, HR and communications and her most recent role was at Clydesdale Bank, where she was a member of the executive team. Lynn is a chartered management accountant.

Lynn is the board appointed colleague representative and a member of the Audit Committee.

In January 2019, Lynn was appointed Chair of the Remuneration Committee. In this role, she is responsible for overseeing the development and implementation of the Society's remuneration policies and practices.

Other roles: Lynn is a director of Kane LMMG Ltd and Doggy Day Care Academy Ltd.

"I have two key responsibilities as a board member. The first is to represent colleagues as the board appointed colleague representative; ensuring colleagues' views are shared and discussed at Board level. The second is in my role as Chair of the Remuneration Committee. It is my responsibility to make sure the Society has the appropriate policies in place to set Board and senior management remuneration, which are clearly aligned to our strategy and promote the right behaviours and outcomes."

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 2020.**

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 2020 comprises the Chair's Statement on pages 4 and 5, and the Chief Executive Officer's Review on pages 6 to 9.

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 25 February 2021 and signed on its behalf by:

Iain Cornish
Chair

Richard Fearon
Chief Executive Officer

Andrew Conroy
Chief Financial Officer

Gross capital as a percentage of shares and borrowings

The gross capital ratio measures the proportion that the Group's capital bears to the Group's liabilities to holders of shares and borrowings. The Group's capital consists of profits accumulated over many years in the form of general reserves together with other reserves, revaluation reserves, subordinated liabilities and subscribed capital which cannot be repaid in priority to ordinary investors. Capital provides a financial cushion against difficulties that might arise in the Group's business and, therefore, protects investors.

Liquid assets as a percentage of shares and borrowings

The liquid assets ratio measures the proportion that the Group's assets held in the form of cash, short term deposits and other securities bears to the Group's shares and borrowings. Liquid assets are generally readily realisable, enabling the Group to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.

Profit for the year as a percentage of mean total assets

The profit/assets ratio measures the proportion that the Group's profit after taxation for the year bears to the average of the Group's total assets during the year. The Group needs to make sufficient profit each year in order to maintain its capital ratios at a suitable level to protect investors.

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

The management expenses ratio measures the proportion that the Group's management expenses bear to the average of the Group's total assets during the year. Management expenses consist mainly of the costs of employing staff, running the Group's branches, information technology costs, advertising, other office costs, depreciation and amortisation. Expenses are controlled so that the Group operates as efficiently as possible while providing the service that members require.

Summary Financial Statement

Results for the Year 2020	2020	2019
	£m	£m
Net interest receivable	205.4	200.8
Other income and charges	8.2	8.2
Fair value losses on financial instruments	(16.8)	(19.7)
Management expenses	(100.4)	(101.2)
Impairment losses on loans and advances to customers	(14.6)	(2.8)
Reversal of impairment losses on property, plant and equipment	-	0.1
Provisions (charge)/release	(1.1)	2.6
Operating profit and profit before tax	80.7	88.0
Taxation	(18.7)	(21.8)
Profit for the year	62.0	66.2

Financial position at the end of the year		
Assets:		
Liquid assets	2,974.8	3,323.2
Mortgages	16,863.0	16,779.3
Other loans	222.0	219.4
Derivative financial instruments	192.8	182.9
Fixed and other assets	387.1	303.0
Total assets	20,639.7	20,807.8

Liabilities and equity		
Shares	14,149.2	14,487.2
Borrowings	4,654.7	4,646.7
Other liabilities	201.7	155.3
Derivative financial instruments	237.9	200.4
Subscribed capital	241.5	232.1
Equity	1,154.7	1,086.1
Total liabilities and equity	20,639.7	20,807.8

Summary of key financial ratios	%	%
Gross capital as a percentage of shares and borrowings	7.39	6.88
Liquid assets as a percentage of shares and borrowings	15.81	17.34
Profit for the financial year as a percentage of mean total assets	0.30	0.33
Management expenses as a percentage of mean total assets	0.48	0.50

Summary Financial Statement

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 2020, 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 2020 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

25 February 2021

Directors' remuneration report

Dear member,

I am pleased to present this year's Remuneration Committee's report. The report includes a summary of our remuneration policy, together with key decisions made in the year and sets out how we intend to change our policy in 2021.

The Report is produced in compliance with the FCA Dual-Regulated Firms Remuneration Code.

A number of important remuneration changes are being put in place for 2021 and all our decisions have been based on ensuring we are able to attract and retain talent that fosters our mutual culture and supports the long term aims of the Society.

Our members will have the opportunity to vote, on an advisory basis, on the Remuneration Policy and 2020 Directors' Remuneration Report at the AGM.

COVID-19 – Impact on 2020 Remuneration

The global pandemic has led to challenging times for all, including our colleagues and members. Our priority is the safety of both and, along with a number of wellbeing interventions for our colleagues, we have ensured all our branches and offices are COVID-secure. We did not furlough any of our colleagues and supported them through our absence policy or by providing additional discretionary leave, where needed. We have also not been a beneficiary of any other direct government intervention.

The Committee discussed the potential impact of the pandemic on the Society with the Board and, in a joint assessment, made a number of decisions impacting the 2020/2021 remuneration outcomes:

- executive directors, other members of the senior leadership team and non executive directors (including the Chair) will not receive an annual pay or fee increase in April 2021
- an additional year of deferral will be applied to all awards to executive directors in respect of the 2020 performance year, to allow the Committee to fully assess the longer term impact of COVID-19
- there will be no cash bonus payments made for the executive directors in 2021, in respect of the 2020 performance year
- recognising the changing external environment, the original scheme at 31 March 2020 was closed and, for the remainder of the year, given the unpredictability of the market, the Society was re-aligned around 3 broad priorities (the same variable pay scheme construct remained in place):
 - keeping the Society financially resilient
 - safely keeping the Society operating for the benefit of our members; and
 - communicating to our colleagues and members.

Revised Remuneration Policy for 2021

The Committee conducted its formal, triennial review of the remuneration schemes during the year, based on key principles:

- structuring compensation to attract, motivate and retain high-performing colleagues
- promoting a healthy, diverse and inclusive culture
- ensuring remuneration should support the business strategy; and
- promoting alignment of approach across the organisation, with an aim of simplifying, wherever possible.

We also considered and accounted for the impact of CRD V regulations.

Based on these principles, and considering our business model and mutual status, the Committee decided to reduce the maximum bonus potential from 50% to 20%, thereby aligning the bonus scheme potential for the entire senior leadership team. The change reduces 'on target' performance to 15% of base salary (formerly 36%).

Directors' remuneration report

An appropriate level of variable pay is retained to promote team alignment and enable the Committee to consider longer term outcomes and sustainable performance for the executive directors.

To ensure total compensation remains competitive, fixed pay has been adjusted to reflect a proportion of the lost variable pay opportunity. From 1 January 2021, base pay has been adjusted by between 17.8% and 18.2% for the executive directors. Overall, the maximum remuneration for executive directors has been reduced.

Based on the revised maximum 20% award, the Committee considered the 2021 bonus schemes for executive directors and other members of the leadership team, and has agreed a balanced approach. There is a maximum 10% opportunity for the achievement of agreed corporate priorities and a maximum 10% opportunity for the achievement of personal objectives, of which 30% of the award will be in relation to the demonstration of agreed behaviours, in line with the approach for all colleagues.

From 2021, annual pay reviews will be aligned across the Society, with the same core increase for all colleagues, removing the link with historic performance (with the exception of the senior leadership team, including executive directors, who will receive no pay increase in April 2021). The annual pay review will reflect a range of factors, including the economic environment and the overall financial position of the Society. The Society will also reflect salary inflation through annual salary benchmarking and its commitment to the Real Living Wage. Performance will continue to be rewarded through the variable pay schemes.

The key features of our policy from 2021 are set out in full on pages 32 to 35.

Performance and awards for 2020

Earlier sections of the magazine have explained, despite the impact of COVID-19, we have delivered a good performance against both elements of the 2020 variable pay schemes. The Committee recognises the contribution of the executive directors, senior leadership team and colleagues, in difficult circumstances.

After careful consideration and the Committee exercising elements of discretion, annual bonuses of between 40.8% and 41.4% (2019: 33% and 40%) have been awarded to the executive directors, which represents between 82% and 83% (2019: 66% and 80%) 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.

The Remuneration Policy has operated as intended. The Remuneration Committee used its discretion to reduce the outturn of the corporate element of the executive director bonus scheme, to reflect fully both very strong operational performance alongside the favourable impact of indirect COVID-19 support from the Government and Bank of England.

2020 remuneration changes

As reported last year, the salaries of executive directors increased by 2%, with the exception of A P Conroy, who was appointed on 6 January 2020 and did not receive an increase. The Chair's and non executive directors' fees also increased by 2%, in line with the colleague population. The basic salary increase for colleagues ranged from 0% to 4%, with an average of 1.92%.

A small number of other colleagues, who are senior managers whose actions can have a material impact on the risk profile of the Society, are considered Material Risk Takers. The average salary increase for this group in April 2020 was 2%.

Other matters considered by the Remuneration Committee

As well as myself as Chair, the Committee consisted of two other non executive director members: David Fisher and Gareth Hoskin.

There were four meetings in 2020, dealing with the review of compliance with the Remuneration Code, the setting and review of performance against objectives, reviewing the performance objectives based on the

Directors' remuneration report

impact of COVID-19, reviewing the variable remuneration schemes for 2021, Gender Pay Gap reporting and the oversight of reward for the general colleague population.

As the non executive director responsible for representing colleague views at the Board, I have sought the views of colleagues by attending regular meetings with our Colleague Association and had oversight of the colleague engagement survey 'Your Voice' results. Throughout the year, I have provided regular updates to the Board, which have demonstrated the strong people culture in the Society and highlighted areas to take into our future people strategy.

Looking ahead

Looking ahead to the rest of 2021, the Committee's focus will be on ensuring the changes outlined on the previous page are successfully embedded and that we have the right reward structures in place, to attract and retain talent, which fosters our mutual culture and supports the long-term aims of the Society.

I trust you will find this report helpful and informative. The Remuneration Committee recommends that members vote in favour of the 2020 Directors' Remuneration Report and Remuneration Policy at the AGM.

Lynn McManus
Chair of the Remuneration Committee
25 February 2021

Directors' Remuneration Policy

The Remuneration Policy is designed to support members by:

- being clearly linked to business objectives
- driving behaviours consistent with our purpose, culture, values 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.

Components of remuneration

The following table summarises the principal components of the executive directors' total remuneration and the way they operate. Details which are commercially sensitive have not been provided.

Basic salary	
Link to strategy	Reflects level of accountability. Provides ability to attract and retain executives through market competitive rates of pay.
Operation	As for all colleagues, once set any future increases are linked to: <ul style="list-style-type: none"> ■ the economic environment and overall financial position of the Society ■ comparisons with roles carrying similar responsibilities, in organisations of a comparable size, complexity and diversity to the Society (benchmarking).
Performance measures	Not applicable.
Minimum and maximum payable	The basic salaries of executive directors are reviewed each year, as for any other colleague, based on the economic environment, the overall financial position of the Society and in accordance with benchmarking. The only exception is if there is a material increase in scope or responsibility to the executive director's role.

Directors' remuneration report

Annual bonus scheme	
Link to strategy	Linked to the delivery of the corporate priorities, including the achievement of strategic objectives and personal objectives.
Operation	<p>Challenging performance objectives are aligned with our strategy, recognising short, medium and long term goals.</p> <p>The performance of the executive directors is assessed against a scorecard of measures, to ensure significant reward cannot be achieved by the delivery of high performance in one area, to the detriment of another. The performance of the executive directors in a control function is based on a range of personal objectives and leadership behaviours.</p> <p>Robust risk evaluation measures are independently assessed by the Chief Risk Officer and the Board Risk Committee, with measures for the Chief Risk Officer assessed by an independent senior manager.</p>
Performance measures	<p>The 20% maximum is split between: Performance – 10% Personal – 10%.</p> <p>Performance measures are agreed by the Remuneration Committee at the start of each year and reflect business priorities.</p> <p>Personal performance objectives, appropriate to the responsibilities of the director, are set at the start of each year and agreed by the Remuneration Committee. 30% of the personal performance award is allocated to the demonstration of leadership behaviours.</p> <p>The 20% maximum for the executive director in a control function is based on a range of personal objectives only, with 30% of the award allocated to the demonstration of leadership behaviours.</p>
Minimum and maximum payable	<p>Maximum of 20% of basic salary payable.</p> <p>For executive directors designated as 'Senior Managers' under the Senior Manager Regime and over the de-minimis⁽¹⁾, 60% of the bonus will be deferred, over a period of seven years with no vesting until three years after the award is made. 50% of variable remuneration will be delivered in a share-like instrument⁽²⁾.</p> <p>Minimum is 0% of basic salary.</p>

Directors' remuneration report

Operation of malus and clawback ⁽³⁾	
Link to strategy	A deferred element exists in compliance with applicable regulations and ensures the annual performance creates value sustained over the longer term.
Operation	<p>Independent assessment takes place prior to the payment of each deferred award, which provides the Remuneration Committee with the rationale to make a reduction in the level of award payable (down to zero), if appropriate. The assessment takes into account the following three key matters:</p> <ul style="list-style-type: none"> – has management operated within the risk appetite of the business? – has the business been exposed to any significant regulatory or control failings? – has there been any financial exposure after the award has been made due to inappropriate management behaviour?
Performance measures	Not applicable.
Minimum and maximum payable	Maximum 100% of the deferred bonus awards are subject to malus. Clawback will be applied in line with relevant regulation.

Pension	
Link to strategy	Provides market competitive remuneration.
Operation	Based on membership of the Society's defined contribution section of the pension scheme. In appropriate circumstances, for example, where contributions exceed the annual or lifetime allowance, there is an option to receive a monthly cash allowance in lieu of pension contributions.
Performance measures	Not applicable.
Minimum and maximum payable	<p>Executive directors appointed before 1 April 2019 receive a range of relevant employer contributions, in line with the colleague population, with a maximum contribution of 20% of basic salary, based on age and pensionable service.</p> <p>Executive directors, appointed on or after 1 April 2019, will receive a maximum contribution in line with the colleague population, of 10% of basic salary.</p> <p>Cash allowance is in lieu of employer contributions, up to the maximum contribution rate applicable to the executive director.</p>

Directors' remuneration report

Benefits	
Link to strategy	Provides market competitive remuneration.
Operation	The principal benefits executive directors receive are: <ul style="list-style-type: none"> - life assurance - private medical insurance - group income protection - health screening - cash health plan. Other benefits may be provided based on individual circumstances, for example, relocation.
Performance measures	Not applicable.
Minimum and maximum payable	Life assurance (up to 4 x basic salary). Other benefits are set at an appropriate level in line with market practice.

- The de-minimis limit level is set by regulation, in relation to the level of bonus deferral applied, and impacts colleagues whose variable remuneration is greater than €50,000 per annum or where variable remuneration is more than 33% of their total remuneration.
- Where remuneration exceeds the de-minimis, 50% of the variable remuneration award will be paid in an instrument and 50% will be paid in cash. As a mutual organisation, this means that 50% of the award payable in each year will be held and retained for a further 12 months and which can be written down in value if agreed capital levels are not maintained. The instrument cannot increase in value or attract interest payments during the deferral and retention periods.
- The Remuneration Committee may apply discretion to reduce bonus awards in whole or part. Malus – is a reduction factor which is applied to bonus payments which have not yet vested. Clawback – is applied to seek recovery of bonus payments already paid.

Policy for non executive directors

Fees	
Link to strategy	Reflects level of responsibilities and time commitment required for Board and Board subcommittee meetings.
Operation	Fees are reviewed annually with recommendations made to the Board by executive directors. The Chair's fee is reviewed by the Remuneration Committee. Non executive directors receive a basic fee and an additional fee for chairing a committee. Fee levels are benchmarked against other financial services organisations.
Performance measures	Not applicable.
Minimum and maximum payable	The fees of the Chair are reviewed by the Remuneration Committee and the fees for the non executive directors are reviewed by the Executive Committee, as for any other colleague, based on the economic environment, the overall financial position of the Society and in accordance with benchmarking. The only exception is if there is a material change in responsibility to the non executive director's role.

Annual bonus scheme	Pension
Not eligible	Not eligible

Directors' remuneration report

Benefits
Reimbursement is made for travel expenses for attending meetings and, where tax liability arises, this will be covered by the Society.

Service contracts

Executive directors' terms and conditions of employment, including details of remuneration, are detailed in their individual service agreements, which include a notice period of twelve months. The standard contract is available to view at the Society's head office.

None of the executive directors currently hold any paid external directorships.

The non executive directors do not have service contracts with the Society.

Policy on payment for loss of office

General	
Policy	When determining any loss of office payment for a departing individual, the committee will seek to minimise costs to the Society, whilst seeking to reflect the circumstances in place at the time. Accordingly, the committee retains overriding judgement to make loss of office payments appropriate to the circumstances and applying the overriding principle that there should be no element of reward for failure.

Basic salary and benefits	
Policy	In the event of termination by the Society, there will be no compensation for loss of office due to misconduct or poor performance. In other circumstances, 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 employment with the Society. Executive directors are expected to mitigate compensation for loss of office in appropriate circumstances.

Annual bonus	
Policy	Where an executive director's employment is terminated during or after the end of a performance year, but before the payment is made, the executive may be eligible for a pro-rated annual bonus for that performance year, subject to an assessment based on performance achieved over the period and subject to risk adjustment. No award will be made in the event of misconduct. Where an executive director leaves the Society after an award is made, deferred payments will remain payable, subject to the normal rules of the scheme, including risk adjustment. The Remuneration Committee, in determining the final awards, may apply judgement to assess performance in the round. When assessing performance in the round the Remuneration Committee may take into account (inter alia) wider market, regulatory and stakeholder considerations.

Annual Report on Remuneration

Total remuneration summary

The total remuneration received by executive directors for 2020 is detailed overleaf, compared with 2019. The total remuneration for executive directors equates to 2.0% of profit before tax (2019: 2.8%). This information has been audited and shows remuneration for the years ending 31 December 2019 and 31 December 2020, as required to be reported under the Building Societies (Accounts and

Directors' remuneration report

Related Provisions) Regulations 1998. The awards made in respect of performance in 2020 are in line with the 2020 Remuneration Policy, with a maximum variable pay of 50% 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.

2020 audited

Executive Directors	Salary £,000	Annual bonus £,000	Pension £,000	Loss of office £,000	Total fixed remuneration £,000	Total variable remuneration £,000	Total remuneration £,000
R G Fearon	457	190	37 ⁽¹⁾	-	494	190	684
A P Conroy	290	119	29 ⁽¹⁾	-	319	119	438
A J Greenwood	305	125	43 ⁽¹⁾	-	348	125	473
Total remuneration ⁽²⁾	1,052	434	109	-	1,161	434	1,595

2019 audited

Executive Directors	Salary £,000	Annual bonus £,000	Pension £,000	Loss of office £,000	Total fixed remuneration £,000	Total variable remuneration £,000	Total remuneration £,000
R G Fearon	430	169	60	-	490	169	659
P A Hill ⁽³⁾	253	-	54 ⁽¹⁾	-	307	-	307
R S P Litten ⁽⁴⁾	99	30	23 ⁽¹⁾	499 ⁽⁶⁾	621	30	651
K R Wint ⁽⁵⁾	270	90	62 ⁽¹⁾	-	332	90	422
A J Greenwood	293	120	56 ⁽¹⁾	-	349	120	469
Total remuneration ⁽²⁾	1,345	409	255	499	2,099	409	2,508

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. **(3)** P A Hill retired on 30 June 2019. **(4)** R S P Litten left the Society on 18 April 2019. **(5)** K R Wint left the Board on 31 December 2019. **(6)** Loss of office includes payments in lieu of notice in accordance with contractual terms and payments in line with the Remuneration Policy.

Performance outcomes against targets for incentive awards

The 2020 scheme has generated awards of between 40.8% and 41.4% (2019: 33% and 40%) of salary for executive directors, reflecting between 82% and 83% (2019: 66% and 80%) of the maximum award available.

The 2020 scheme provides for:

- financial performance measures (max. 17% opportunity, with 5% of this for superior performance)
 - corporate performance measures (max. 17% opportunity, with 5% of this for superior performance)
 - personal performance measures (max. 16% opportunity, with 4% of this for superior performance)
- For the executive director in a control function, the scheme provides for:
- personal performance measures (max. 50% opportunity, with 15% of this for superior performance).

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.

Directors' remuneration report

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.

Long term incentive awards made in the financial year

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

Payments to former directors

A payment of £111,290 has been made in 2020 to PA Hill, the former Chief Executive Officer, who retired on 30 June 2019. A payment of £75,291 has been made in 2020 to R S P Litten, the former Chief Financial Officer, who left the business on 18 April 2019. A payment of £105,847 has been made in 2020 to K R Wint, the former Chief of Staff, who left the business on 31 January 2020. The bonus payments consisted of deferred incentive awards, with the exception of K R Wint, who also received a payment in respect of her performance in 2019. All these payments were subject to risk assessment – the Committee determined no risk adjustment was required.

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)	
	2020	2019	2020	2019	2020	2019	2020	2019
I C A Cornish ⁽²⁾	127	50	0	1	-	-	127	51
R J Ashton (previous Chair)	40	150	1	3	-	-	41	153
G Hoskin (current Vice Chair)	51	50	1	5	24	23	76	78
A M Barnes ⁽³⁾	51	46	1	3	-	-	52	49
P A Brown ⁽⁴⁾	-	16	-	1	-	-	-	17
D Fisher	51	50	0	-	17	17	68	67
N Fuller ⁽⁵⁾	4	-	0	-	-	-	4	-
J A Hunt	51	50	1	4	-	-	52	54
P A Jenks ⁽⁶⁾	12	50	0	-	-	-	12	50
L R McManus	51	50	1	4	11	11	63	65
Total	438	512	5	21	52	51	495	584

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 was appointed on 2 January 2019 and became Chair on 3 April 2020. **(3)** This director was appointed on 1 February 2019. **(4)** This director resigned on 30 April 2019. **(5)** This director was appointed on 1 December 2020 **(6)** This director retired on 26 March 2020.

An increase of 2% was agreed for the Chair to £153,980 with effect from 1 April 2020. Robin Ashton retired on 3 April 2020 and Iain Cornish took over the role of Chair from this date on a salary of £153,980. The fee for the Vice Chair was increased by 2% to £74,976 and the basic non executive director's fee was increased by 2% to £51,000. The committee chair fee was increased by 2%.

How to vote in AGM 2021

Online

Visit our secure voting website:
leedsbuildingsociety.co.uk/voting

You'll need to have your unique voting codes to hand. You'll find these in your voting invitation email or paper voting form.

Online voting is available
**24 hours a day until
11am on Wednesday
14 April 2021.**



By post

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

The form must be received
**by 11am on Wednesday
14 April 2021.**

Please vote early as the pandemic has caused some postal delays.



In branch

Complete, sign and date the declaration on your paper voting form. You can take it to any branch and place it in the ballot box before the branch closes on **Friday 9 April 2021.**

Branches are open for essential transactions. Whilst you can still vote in branch, for your safety, please consider using an alternative voting option first.

Please check the branch opening times on the day of your visit. These may change due to the pandemic.



About AGM 2021

The AGM will be held at 11am on Friday 16 April 2021 at 105 Albion Street, Leeds, LS1 5AS.

Your safety and that of colleagues is of great importance to us, and unfortunately, we're unable to allow members of the public to attend this year's AGM. This is due to the evolving pandemic and public health and safety concerns. However, there are still multiple ways you can get involved. See page 40.



Why your vote matters

Your vote not only shapes the way the Society will be run, but because we're a mutual, we also believe when people help people, good things happen. Because of this we're guided to do the right thing, be it good ethical practices, doing our bit for the environment, or supporting local communities.

That's why with every single vote received in this year's AGM, we'll donate to the causes we help support.

How your vote directly benefits communities

We'll donate 20p for every online vote, and 10p for each postal vote.

Once you've cast your vote, you'll be asked to choose where the money goes – Dementia UK or Leeds Building Society Foundation. If you're not sure which charity you'd prefer to support, we'll split the donation equally between the two.



Leeds Building Society Foundation

Leeds Building Society Foundation makes donations of up to £1,000 to UK-based charities supporting those who are disadvantaged or in vulnerable circumstances. Since 1999, it has made more than 3,000 donations to local projects and good causes across the UK.

leedsbuildingsociety.co.uk/your-society/about-us/foundation/

Dementia UK

Dementia UK became our national charity partner in 2020 – as voted for by you and our colleagues. The charity provides specialist dementia support for families through its Admiral Nurse service. Our goal is to raise £500,000 for Dementia UK by 2024.

dementiauk.org

Ways to get involved

Ask a question

You can ask a question ahead of the AGM by email or post. Make sure you submit your question in advance of the meeting by Wednesday 14 April 2021.

Email: agm@leedsbuildingsociety.co.uk

Post: **Society's Secretary, Leeds Building Society, 105 Albion Street, Leeds, LS1 5AS**

Please note, dispersed working arrangements may lead to some short delays in issuing responses. Therefore, it's recommended that questions are raised by email, where possible.

Although you can also submit a question in branch, please only do so if you're already visiting to carry out an essential transaction.

A selection of themed questions will be answered during the AGM and we'll respond to all questions directly.

We'll also provide a selection of themed frequently asked questions on our voting website which you can view before you vote:

leedsbuildingsociety.co.uk/voting

Watch the AGM at a time that suits you

Although you won't be able to attend AGM 2021 in person, you'll be able to watch a recording of the meeting from the comfort of your own home.

Details of how to access the recording can be found on the voting form or on the online voting site.

Let's keep the conversation going

As a mutual, our members are at the heart of every decision we make, so it's important we're always listening to what you have to say, all year round. We'd really like your AGM 2021 vote to be just the start of an exciting, ongoing conversation between us.

Get involved by:

- Submitting a question
- Watching the recorded event online
- Signing up to our enewsletter
- Sharing your views through TalkingPoint
- Interacting with us on social media

leedsbuildingsociety.co.uk

agm@leedsbuildingsociety.co.uk

 [leedsbuildingsociety](https://www.instagram.com/leedsbuildingsociety)

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