

LEEK UNITED

YOU CAN DEPEND ON US



Leek United
BUILDING SOCIETY



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Staff in our Customer Service Centre raised £4,300 for the British Heart Foundation.



We also donated £1,570 to Home-Start Staffordshire Moorlands (just before Christmas).

Chair's Statement

I am delighted to introduce the Annual Report for 2019 and to advise of another very positive year for the Society. Against a backdrop of considerable political and economic uncertainty, the year saw a satisfactory financial performance with controlled loan book growth and a good increase in savings balances. It is particularly pleasing to report that we have embarked on a programme of prudent investment in the Society's future technology, processes and branch network and that notwithstanding the initial expenditure associated with this investment, costs were tightly controlled during the year. Leek United Building Society retains its robust financial position and is well placed to invest further for the future.

**RACHEL
COURT**
CHAIR



Economic and Market Conditions

The EU withdrawal process weighed heavily on the economy over the past year and indeed conditions were not helped by global political tensions. Confidence in the housing market suffered and manifested itself in a broadly flat level of year on year housing transactions as well as low house price growth.

The Bank of England's base rate stayed at 0.75% throughout the year and at time of writing, its likely direction over the course of the year ahead is unclear. However, please rest assured that your Society will, as always, continue to offer competitive mortgage and savings rates.

Competition in our core markets remained intense over the course of 2019 with ring-fenced banks deploying surplus liquidity in an effort to increase their market share. This resulted in fierce competition for new mortgage business, particularly in the low Loan to Value (LTV) residential mortgage market.

It is all the more satisfying to report the Society's solid performance in the context of such a challenging environment.

The Board considers that market conditions will remain challenging in 2020. While the outcome of the general election in December 2019 provided certainty regarding the timing of Brexit, the longer term economic impact will clearly depend on the extent and terms of the country's future relationship with the European Union and the success of trade negotiations with key non-EU nations.

Our Strategy

Leek United is a member-focussed, well-capitalised, financially secure, prudent and stable building society. While we are determined to retain these highly positive characteristics, it is vitally important that we do not stand still. During the year, we conducted a detailed strategic review of the steps needed to ensure the Society's long term sustainability in the face of increasing competition and growing customer expectations.

Our research has identified that both current and future customers expect easy-to-use online technology as well as the availability of a friendly and modern branch network which offers not only transactional services but also face-to-

face advice on the products and services they need. To meet these expectations, the Society's Board has concluded that a significant investment programme is required to deliver step improvements in the organisation's systems, processes and branch network. This programme will provide significant enhancements to customer service standards as well as increased levels of operational resilience, thereby further strengthening our capacity to move forward with confidence over the long term.

As I mentioned above, we have already taken the first small steps on our journey with some initial investment in our technology platform and I look forward to keeping you advised of our progress over the coming years.

It is important to emphasise that we retain an unflinching commitment to the high customer service standards and values that have positively differentiated the Society from other institutions for more than 150 years. There have been more than 3,000 bank branch closures over recent years but we believe that a strong high street presence is essential if we are to deliver on our commitment to excel in meeting the mortgage and savings needs of our members. Your Society is fully committed to operating as a local, independent building society. We are confident and indeed excited about the future.

Our Board

At the end of 2018, Andrew Healy joined us as our new Chief Executive. Andrew has made a substantial positive impact in his first year in post, and has conducted a comprehensive review of the Society's strategy, people and culture. I am delighted that he has led

the development of a future vision for the Society which builds on the best of our heritage and customer-focussed culture, whilst investing in the capabilities we will need to ensure we remain a successful and sustainable business for many years to come.

In the first half of 2019, we also welcomed Robert Broadbent to the Board as Finance Director. Robert has more than 20 years of senior management experience in financial services, including in the mutual sector, and he has further strengthened our executive team.

Thank You

The past year has been a busy one for the Society and I would like to thank my fellow Board members for their immense support and wise counsel. My thanks also to our management team and to our hard-working staff for their continued commitment and enthusiasm towards ensuring excellent service, risk management and performance standards.

Most of all, I am enormously grateful to you, our members, for your continued loyalty. I am delighted that we have had another strong year and that we are investing in ensuring the continued success of your Society. I look forward very much to meeting many of you at our AGM on Wednesday, 29 April.

Rachel Court,
26 February 2020

“I am enormously grateful to you, our members, for your continued loyalty. I am delighted that we have had another strong year and that we are investing in ensuring the continued success of your Society.”

Chief Executive's Business Review

	2019	2018
Group profit before tax	£2.4m	£3.8m
Group profit before tax and hedging adjustments	£2.6m	£3.4m
Group reserves	£66.6m	£65.7m
Group assets	£1,091.4m	£1,071.4m
Mortgage assets	£848.7m	£825.1m
Core tier 1 ratio	17.4%	17.8%
Management expense ratio	0.97%	0.97%

ANDREW HEALY
CHIEF
EXECUTIVE



Overview

I am pleased to report another year of significant progress for Leek United Building Society. In challenging market conditions, the Society continued to offer competitive products and excellent service to our members, leading to solid mortgage and savings growth as well as high levels of customer satisfaction. The profit outturn was very much in line with planned levels. As a mutual building society, our focus is not on maximising profitability but the year on year reduction in profit before tax was mostly due to hedging and other one-off benefits that arose in 2018. Most importantly, we finished the year in a strong capital position which gives us confidence for the future as well as the necessary financial platform for the extensive investment programme which our Chair has referenced.

Mortgages

Despite the flat level of mortgage activity across the market, the Society achieved satisfactory levels of mortgage business with new advances of £165m, £7m higher than the prior year. Mortgage balances increased by 2.9% to £849m.

It is very positive to advise that the performance of our mortgage portfolio remained particularly strong, with low levels of arrears being underpinned by our high quality underwriting and robust lending policies. As in 2018, no properties were taken into possession during the year and just 0.20% of mortgage accounts were in arrears at year end by the equivalent of three or more monthly repayments (2018: 0.08%). All lending over 80% LTV at inception continued to be covered by mortgage indemnity insurance against losses incurred if a property were to be taken into possession in the first seven years.

Our focus remained on residential lending, providing a range of fixed and discount mortgages to owner occupiers as well as, to a lesser extent, to Buy to Let (BTL) landlords.

In line with our building society ethos, we were especially proud to continue to support people to purchase their first home. We did this through our own mortgage products as well as through government initiatives such as Help to Buy and local authority-backed mortgages.

To support our members, we also offered interest only products where a credible repayment plan could be evidenced and we provided products suitable for members borrowing beyond their expected retirement date.

It is important to underline that in Leek United, we do not use automatic credit scoring to make our mortgage decisions. In line with our commitment to personal service and values, all our mortgages are individually reviewed and underwritten by our experienced credit team. This bespoke and focussed approach, coupled with our commitment to responsible lending, represents the key to the high quality of our mortgage book and also contributes to our high customer satisfaction ratings.

Our commitment, competitiveness and high standards were recognised during 2019 with a number of industry-level awards. These included Best Variable Rate Mortgage Lender in the Personal Finance Awards and we were highly commended for Best First Time Buyer Mortgage Provider in the MoneyNet Awards, both for the second year in succession.

Savings

The Society continued to be very strongly funded by our members through a broad range of savings products. Notwithstanding the prevailing low interest rate environment, member balances grew by £21m during the year, boosted by a number of new product offerings. These included a new regular savings account and a five year fixed rate bond.

Cost Efficiency

The Society has previously acknowledged the need to become more efficient and to contain costs. It is therefore noteworthy that despite a range of technology, service, people and risk management investments during the year, total costs increased by just 2.3%. In fact, when initial investment programme costs are stripped out, underlying business costs actually reduced by 1.1%. This focus on efficiency and cost containment will continue but will be carefully balanced with the need to invest in our infrastructure and future sustainability.

Investing in our Infrastructure

One of the biggest challenges for building societies today is to twin the friendly personal service that members have enjoyed over the years with the increasing levels of demand from existing and potential new members for online technology. As noted by our Chair, we plan

to augment our highly-valued branch presence with modern, easy-to-use, secure online technology. We have already taken the first steps on this journey and over the next five years, we plan to make significant investments in our technology, processes and branch network.

“Our commitment, competitiveness and high standards were recognised during 2019 with a number of industry-level awards. These included Best Variable Rate Mortgage Lender in the Personal Finance Awards and we were highly commended for Best First Time Buyer Mortgage Provider in the MoneyNet Awards, both for the second year in succession.”

Chief Executive's Business Review (continued)

The Environment

We are aware of the need to develop our business in a socially responsible manner. We have taken steps to reduce our carbon footprint through ensuring that wherever possible, our waste is recycled, through installing LED lighting in our network of buildings and by purchasing advanced printers which have improved the efficiency of any printing activity we undertake. We have also commenced a review to streamline our operational processes and one of the outcomes of this work will be a reduction in the volume of paper that we use. We are reducing the amount of post we send to members through increased usage of emails where we have members' permission to do so as well as through our ongoing investment in online technology. We have furthermore appointed a senior executive, Robert Broadbent, Finance Director to lead our work on climate change and its impact on the Society. We will continue to step up our programme of work to support the environment.

Our Service

At Leek United, we take great pride in our focus on our members. Through our AGM and Members' Forum, we hear at first hand what it is that makes us who we are and how we can be even better for our members. We continue to have a branch manager in every one of our branches and through this presence, we proactively seek, and act upon, member feedback regarding our products and services.

We conduct regular surveys of our members to identify how satisfied they are with our products and services. We are extremely proud that 95% of our customers in 2019 stated they were satisfied with their overall experience of the Society.

Our People

We know that at the heart of great customer service are our people and that it is our exceptional staff who deliver

Our Branch Manager in Market Drayton, Dan Nutt, helped open the 2019 Ginger & Spice Festival.

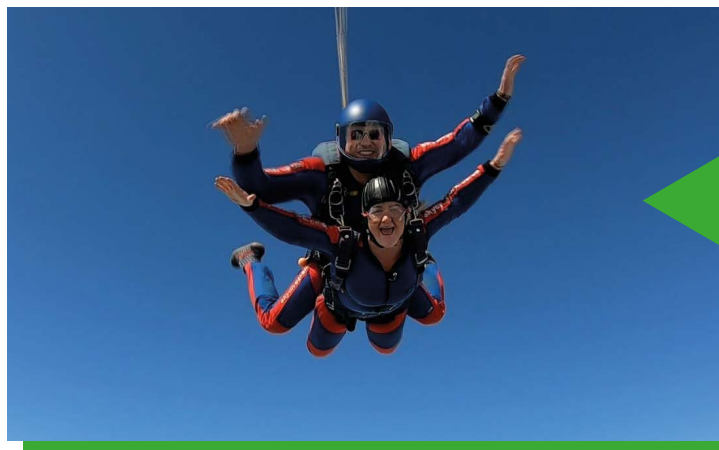


outstanding service to our members. The Society continues to invest in delivering improvements to our ways of working and to our working environment.

We demonstrably value staff engagement through a culture of clear accountability, ownership and doing what is right for the Society. Our people are proud to work for us. We continue to support the development of local talent through our work with local schools and through our apprenticeship and work experience programmes.

Community

During 2019, we continued to support a broad range of charities and worthy causes in our heartland counties of Staffordshire, Cheshire, Derbyshire and Shropshire. Our affinity savings account range allowed our members to support local communities as they saved, through accounts which paid a percentage of the interest earned to a charity or club. We were delighted to donate more than £52,000 from this source to the County Air Ambulance Trust and in total, we raised over £58,000 for numerous wonderful causes - all made possible by the efforts of our staff and of course the tremendous generosity of our members as well as the general public.



Staff leapt 10,000 feet from a plane to raise £1,880 to support The Donna Louise Hospice for Children & Young People.

The Society continued as the main sponsor of the Leek and District Show as well as the Market Drayton Ginger and Spice Festival. We also supported the Ashbourne, Manifold Valley and Ipstones Shows, the Leek Schools Football Tournament, the East Cheshire Hospice 'Splash' event and Stoke City Community Trust's 'Big Sleep-Out' (in aid of homeless charities in the Stoke area).

Outlook

While market conditions are likely to remain challenging, the Society is well positioned for the future. We have a strong team from the front counter right the way through to our boardroom, together with an unflinching commitment to the highest standards of service, corporate governance, compliance and risk management.

The Bank of England has provided significant volumes of low cost funding to banks and building societies which must be repaid over the coming years. Given our highly liquid position, we are well placed to fulfil our repayment commitments which fall due in 2021 and 2022.

We continue to run stressed scenarios that cover events such as potential post-Brexit outcomes so that we can recognise the impacts they could have on the Society. Such impacts could of course include house price reductions, lower mortgage and savings levels and/or higher unemployment. However, we remain confident that we are in a robust position to withstand such shocks. We will at all times put first the safety and soundness of the Society, and the associated interests of our members, rather than prioritising the achievement of short-term profits.

While it is difficult to make economic predictions for 2020 and beyond, not least given the level of uncertainty regarding the UK's future trading arrangements with the EU and other nations, our robust balance sheet provides us with significant confidence in our future as a strong and independent building society.

Andrew Healy
26 February 2020

Our charities

During 2019 we were proud to support a range of charities and worthy causes. We have helped to donate more than £58,000 for wonderful causes, all made possible by the efforts of our staff and of course the tremendous generosity of our members as well as the general public.



Support and friendship
for families
Staffordshire Moorlands



East Cheshire
Hospice
Where people come to live



County
Air Ambulance
Trust



the donna louise
Where every moment counts



The
Rossendale Trust





Corporate Governance Report

The UK Corporate Governance Code (the Code) is a set of principles of good corporate governance predominantly aimed at listed companies. Whilst Leek United Building Society is not required to comply with the Code, as it is not a listed company, the Prudential Regulation Authority requires the Society to have regard to the Code in establishing and reviewing its corporate governance arrangements.

The Code does not set out a rigid set of rules, rather it offers flexibility through the application of its principles to 'comply or explain' with the Code's provisions. A revised UK Corporate Governance Code was issued by the Financial Reporting Council (FRC) in July 2018.

Leek United Building Society is committed to good practice in corporate governance and this report explains how the Society has regard to the Code.

Board Leadership & Company Purpose

Principle A - A successful company is led by an effective and entrepreneurial Board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to a wider Society.

The Society is led by an effective Board which meets at least nine times per year. In addition to its schedule of meetings, the Board held two strategy days during 2019 to review the Society's overall strategic aims and long term objectives.

It is the Board's responsibility to oversee the delivery of the Society's corporate plan. The Board is also responsible for ensuring that an effective framework of prudent and effective controls is in place to enable risk to be assessed and managed. The Society's Board is accountable to members for the careful direction of Society affairs, the safe stewardship of funds held on members' behalf and the provision of high quality products and services which meet

the needs of individual members whilst offering a fair deal to all.

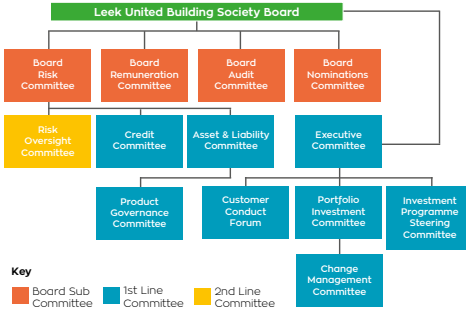
There have been changes to the Board's Executive Directors in 2019, with Robert Broadbent, Finance Director, co-opted to the Board in June 2019. At the end of 2019, the Board consisted of six Non-Executive Directors and three Executive Directors. The Non-Executive Directors meet regularly without the Executive Directors present.

Certain responsibilities are delegated by the Board to the executives and management of the Society. The Board has agreed a management structure to create strong corporate governance and accountability in the Society. In line with the regulated Senior Managers and Certification Regime, the Society maintains a Management Responsibilities Map which sets out the individual, and overall, responsibilities of Board Members and Senior Management.

The Board ensures the effectiveness of systems, internal control and risk management through a combination of processes, including:

- ▶ Regular reports are provided to the Board and the Board Risk Committee by the Society's Chief Risk Officer (CRO) on the principal risks facing the Society and the adequacy of controls that are in place.
- ▶ Regular reports are provided to the Board and the Board Audit Committee by Internal Audit with respect to its independent audits of risk management processes and the effectiveness of internal controls across the Society.
- ▶ An annual assessment of the effectiveness and independence of the Risk and Compliance function is conducted by the CRO which is considered by the Board Risk Committee.
- ▶ The Board receives a monthly CRO Report which provides an independent

Governance Committee Structure



assessment of current and emerging risks and the effectiveness of the controls and mitigating actions that are in place.

- ▶ An independent reporting line between the CRO and the Chair of the Board Risk Committee is maintained at all times.
- ▶ The review of the adequacy and security of the Society's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Board shall ensure these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

The Board can confirm that during 2019, it carried out a review of the Society's risk management systems and the internal control framework and that it is satisfied these are adequate, taking into account the Society's size, risk profile and strategy.

The Society's governance structure includes both Non-Executive and Executive led committees. The Executive led committees comprise the Executive Committee, Credit Committee and Asset & Liability Committee. In addition, there is the Risk Oversight Committee which is led by the CRO. The Executive Directors who chair the aforementioned committees provide feedback to the main Board, or relevant Board sub-committee, following

each meeting. The Non-Executive led committees are described in more detail to the left.

Board Risk Committee

The Board Risk Committee (BRC), a sub-committee of the Board, assists the Board in carrying out its responsibilities relating to Risk and Compliance in the Society. It assists the Board in the oversight of the risk management framework to ensure there are adequate and effective controls in place for the identification, measurement, monitoring and reporting of risk in compliance with regulatory requirements.

BRC monitor the Society's key risk exposures against Board-approved risk appetites, in addition to reviewing current and emerging risks which could impact the delivery of the Society's corporate plan. The responsibilities of the BRC are as follows:

- ▶ To review the effectiveness of the Society's internal controls and risk management systems.
- ▶ To oversee and advise the Board on the current and emerging risk exposures of the Society and on future risk strategy.
- ▶ To oversee all the principal risks as defined in the Risk Management Framework (RMF), with the exception of pension risk which is directly overseen by the Board.
- ▶ To keep under review the Society's risk assessment processes which inform the Board's decision making, ensuring both qualitative and quantitative metrics are used and to review regularly and approve the parameters used in these measures as well as the methodology adopted.
- ▶ To set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- ▶ To advise the Board on proposed strategic transactions, ensuring that a due diligence appraisal of the proposition is undertaken, focussing

Corporate Governance Report (continued)

in particular on risk aspects and the implications for the risk appetite and tolerance of the Society, taking independent external advice where appropriate and available.

- ▶ To review reports on any material breaches of risk limits and the adequacy of proposed actions.
- ▶ To review the Society's procedures for detecting fraud and the prevention of bribery.
- ▶ To review promptly all reports on the Society from the CRO.
- ▶ To review and monitor management's responsiveness to the findings and recommendations of the CRO.
- ▶ To ensure the CRO is given the right of unfettered direct access to the Chair of the Board as well as to the BRC.
- ▶ To give due consideration to laws and regulations, as well as other applicable rules, as appropriate.

During 2019, the Society continued to review and strengthen its risk and control environment, with the BRC overseeing the effectiveness of the RMF and reviewing the Operational Risk Framework (ORF). Operational Resilience has been a key focus for 2019, including the identification of key business services and any associated impact tolerances. During the year, the BRC reviewed the Society's principal risk policies of Liquidity & Funding Risk, Market Risk, Wholesale Credit Risk and Retail Credit Risk. It also reviewed the Society's Management Responsibilities Map to ensure this met the requirements of the Senior Managers & Certification Regime.

At 31 December 2019, the BRC comprised Richard Goddard (Chair), Keith Abercromby, Jane Kimberlin and John Leveson. The Executive Directors and CRO attend by invitation.

The BRC is supported by the Risk Oversight

Committee (ROC), the Asset and Liability Committee (ALCO) and the Credit Committee (CC).

ROC's main responsibility is to assess the management of operational and conduct risk, together with legal and regulatory risk across the Society. The responsibilities of the ROC also include ensuring that both the RMF and the ORF are embedded and that a robust risk culture exists across the Society.

The ALCO supervises the Society's treasury and financial risk management activities and advises and supports the Finance Director in carrying out his responsibilities, including the identification, management and control of balance sheet risks and the overview and monitoring of relevant risk control frameworks. The management of market, liquidity, strategic and wholesale credit risk has been delegated to the ALCO.

The CC oversees the effective credit risk management of the mortgage portfolio and ensures the credit risk appetite framework is adhered to in line with the agreed risk appetites.

Board Audit Committee

The Board Audit Committee (BAC), a sub-committee of the Board, has the following responsibilities:

- ▶ To review the effectiveness of the Society's first and second lines of defence and the internal controls and risk management systems which are used to identify, assess, manage and monitor financial and non-financial risks, and to ensure compliance with the regulatory environment in which the Society operates.
- ▶ To review management's reports, and the Internal Auditor's reports, on the effectiveness of systems for internal financial control, financial reporting and risk management, including all aspects of the first and second lines of defence.

- ▶ To approve the appointment or removal of the supplier of Internal Audit services and to monitor the effectiveness of the supplier in its operation of the third line of defence.
- ▶ To monitor the integrity of the annual accounts of the Society, reviewing any significant financial judgements contained therein.
- ▶ To report to the Board on the content of the Annual Report to determine if it is fair, balanced and understandable and if it provides the information necessary for users to assess the Society's performance, business model and strategy.
- ▶ To review the Pillar 3 disclosure and recommend this to the Board for approval.
- ▶ To make recommendations on the appointment, reappointment and removal of the External Auditor, via the Board, to the Society's members for consideration at the Annual General Meeting (AGM).
- ▶ To ensure that at least once every ten years, the external audit services contract is put out to tender to enable the BAC to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other firms.
- ▶ To develop and implement policy on the supply of non-audit services by the External Auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance.

During 2019, the BAC reviewed the accuracy and completeness of the annual accounts in addition to reviewing reports from the Internal Auditor and satisfied itself on the independence and objectivity of the assurance provided. The Committee reviewed assurance plans from both the Risk & Compliance unit and Internal Audit along with the outcomes of their assurance work.

At 31 December 2019, the BAC comprised Keith Abercromby (Chair), Richard Goddard

and Colin Kersley. The Executive Directors, CRO and representatives from the internal and external auditors attend by invitation.

Board Remuneration Committee

The Board Remuneration Committee, a sub-committee of the Board, has a number of responsibilities which are set out in the Directors' Remuneration Report on page 22.

During 2019, the Committee reviewed the Society's remuneration policy and approved the Directors' Remuneration Report. The committee also approved the overall increase in respect of the annual review of salaries, approved the design of the 2020 incentive scheme, set the fees payable to the Chair of the Board (who was not present when this matter was decided), and recommended to the Board the fees for other Non-Executive Directors and travel and associated expenses for all Non-Executive Directors.

The Committee makes an annual report to members which can be found on page 22. The report for the year ended 31 December 2019 considers the areas set out in the UK Corporate Governance Code relating to remuneration in so far as they are considered relevant to building societies and the FCA Remuneration Code. A revised Corporate Governance Code was issued in July 2018 which applies to accounting periods beginning on or after 1 January 2019.

The Committee is composed entirely of Non-Executive Directors and as at 31 December 2019, comprised John Leveson (Chair), Rachel Court and Jane Kimberlin. The Chief Executive, Finance Director and HR Director attend the Committee by invitation.

Board Nominations Committee

The Board Nominations Committee (BNC), a sub-committee of the Board, has a number of responsibilities which are set out in the Board Nominations Committee Report on page 26.

During 2019, the BNC assessed the balance of diversity of skills, knowledge

Corporate Governance Report (continued)

and experience of the Board. It appointed Robert Broadbent as the Society's Finance Director with effect from April 2019. Robert met fitness and propriety requirements under the Senior Managers and Certification Regime and received regulatory approval from the Prudential Regulation Authority (PRA). Robert was co-opted to the Board in June 2019, following regulatory approval.

During 2019, the Nominations Committee was involved in the recruitment for the Senior Executive positions of HR Director and Director of Customer Services, in addition to the Board role of Finance Director as well as the promotion of the Head of Risk to Chief Risk Officer.

The BNC reviewed the requirements of the new UK Corporate Governance Code and recommended the annual election of all Directors in line with the Code. The Board ratified the Committee's recommendation.

At 31 December 2019, the BNC comprised Rachel Court (Chair), Richard Goddard, Colin Kersley and Andrew Healy. The HR Director and Finance Director attend the Committee by invitation.

The Terms of Reference for the Board and Board sub-committees are available on the Society's website. Proceedings of all committees are formally minuted. These minutes are distributed to all Board members and the Chair of each Committee also reports on key matters covered at the following Board meeting.

Board Audit Committee and Auditors

The role of the Board Audit Committee is set out on page 14. The Committee comprises three members, all of whom are Non-Executive Directors, and meets at least four times a year, and where appropriate this coincides with key dates on the Society's financial reporting cycle. At least annually, the Committee meets with the external and internal auditors without the Executive Directors present.

The Board are satisfied that at least one member of the Board Audit Committee has relevant financial experience.

The Board Audit Committee is responsible for providing oversight of the external audit process by monitoring the relationship with the External Auditor, agreeing its remuneration and terms of engagement, and making recommendations to the Board on the appointment, re-appointment or removal of the External Auditor as appropriate. In 2019, to support it in discharging this responsibility, the Audit Committee undertook an internal review of the effectiveness of the external auditor and their independence. In reviewing the 2019 External Audit plan, the Committee obtained written confirmation from the External Auditor of their independence. The Committee also reviewed the External Auditors' approach to ensuring audit effectiveness including details of their own audit quality framework. In order to retain independence and objectivity the Society's policy is to tender for external audit services at least once every ten years. The current External Auditor is KPMG LLP who were appointed in April 2017. The Society has a Board Audit Committee approved policy on the provision of non-audit services by the auditor. The policy reflects the requirements of the UK Corporate Governance Code and legislation on EU Audit Reform. This sets out both qualitative and quantitative criteria on the relevant services and governance procedures.

Deloitte LLP is the Society's Internal Auditor and provides independent and objective assurance regarding the design and performance of risk management systems and controls. The information received and considered by the Committee during 2019 provided assurance that there were no material breaches of control and that the Society maintained an adequate internal control framework. The Board Audit Committee receives and approves, on an annual basis, a Strategic

Audit Plan covering a period of five years. Deloitte LLP provide the Committee with reports summarising the results and its recommendations as well as the response from Society's management. In 2019 the Audit Committee undertook an internal review of the effectiveness of the Internal Auditor and their independence by completing a gap analysis against best practice. The Committee is satisfied that throughout 2019 the Internal Auditor had an appropriate level of resource to deliver its plan of work and that it discharged its duties effectively.

Principle B - The Board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture.

The Board has defined the Society's purpose, values and strategy and reviews the Society's culture to ensure its alignment with these. The management information reviewed by the Board at each meeting includes the reporting of various performance measures that are considered reflective of the Society's culture and values. This information is contained within the CRO's report which is provided to the Board and Board Risk Committee.

Principle C - The Board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.

The Board reviews matters of strategic importance throughout the year both at its regular meetings and at strategy days which are convened with the Executive Directors to identify, debate and assess the strategic options available to the Society. Two such strategy days were held in 2019.

A five-year corporate plan is prepared by the Society's management which is subject to rigorous challenge by the Non-Executive Directors.

The Society uses the Board approved RMF as part of its strategy to manage risk proactively in accordance with its Board-approved risk appetites. The Board is provided with reports on the performance of each area of the business as well as on the effectiveness of the RMF.

Principle D - In order for the company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.

As a mutual organisation, the Society has members rather than shareholders. The Society seeks the views of its members in a number of ways, including via customer satisfaction surveys. Members are invited to attend the Society's AGM, where they can ask questions. All members of the Board attend the AGM. The Chair of the Board and the Chairs of all Board sub-committees are also available to answer any questions from members. The Board also convened a Members' Forum in 2019 which all Board members attended.

Principle E - The Board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

The Board engages (and did throughout 2019) directly with employees in a number of ways, including through visits to branches and departments where a mechanism for two-way feedback is provided. In addition, a schedule is maintained whereby Board members regularly attend internal committee and operational meetings. A log summarising feedback and actions to be taken on the back of Board members' interactions with employees is also maintained and actively managed.

The Board reviews the adequacy and security of the Society's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Board ensures these arrangements allow proportionate and independent

Corporate Governance Report (continued)

investigation of such matters and appropriate follow up action. The Society has a Board approved Whistleblowing Policy and the Society's Whistleblowing Champions are Rachel Court, Chair, and Richard Goddard, Senior Independent Director.

Division of Responsibilities

Principle F - The Chair leads the Board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chair facilitates constructive Board relations and the effective contribution of all Non-Executive Directors, and ensures that Directors receive accurate, timely and clear information.

The Chair sets the direction of the Board and promotes a culture of openness and fairness by facilitating effective debate and the contribution of Non-Executive Directors whilst maintaining constructive relationships between Executive and Non-Executive Directors. The Chair also ensures that Directors receive accurate, timely and clear information.

The Society's Chair, Rachel Court, was appointed as a Non-Executive Director in 2014 and became Chair in April 2016. Rachel has never held the position of Chief Executive of the Society, nor has she ever been an employee of the Society.

Principle G - The Board should include an appropriate combination of Executive and Non-Executive (and, in particular, independent Non-Executive) Directors, such that no one individual or small group of individuals dominates the Board's decision making. There should be a clear division of responsibilities between the leadership of the Board and the Executive leadership of the company's business.

The Board is comprised of six Non-Executive Directors and three Executive Directors. All of the Non-Executive Directors are considered to be independent under the Code. Richard Goddard is the Society's Senior Independent Director. Richard acts as a sounding board for the Chair and serves as an intermediary for the other Non-Executive Directors where necessary. He also has responsibility for leading Non-Executive Directors in the performance appraisal of the Chair and acts as a contact for any Non-Executive Director who may feel that contact with the Chair or Chief Executive would not be appropriate.

Principle H - Non-Executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

On appointment, Non-Executive Directors receive a formal letter clearly setting out the Society's expectations in terms of time commitment, committee service and involvement in activities other than meetings of the Board and/or its committees. The attendance record at Board and Board sub-committee meetings in 2019, including the attendance of Executive Directors, is set out below. The figure in brackets represents the number of meetings the Director attended.

	Name	Board	Board Audit Committee	Board Risk Committee	Board Nominations Committee	Board Remuneration Committee
Non-Executive Directors	Keith Abercromby	11 (11)	5 (5)	6 (6)		
	Rachel Court	10 (11)			6 (6)	7 (7)
	Richard Goddard	11 (11)	5 (5)	6 (6)	6 (6)	
	Colin Kersley	11 (11)	5 (5)		6 (6)	
	Jane Kimberlin	11 (11)		6 (6)		7 (7)
	John Leveson	11 (11)		6 (6)		7 (7)
Executive Directors	Robert Broadbent from 15/04/2019	8 (8) 2 of which 'A'	3 (3) 'A'	4 (4) 'A'	3 (4) 'A'	3 (6) 'A'
	Andrew Healy	11 (11)	5 (5) 'A'	6 (6) 'A'	6 (6)	7 (7) 'A'
	John Kelly	11 (11)	4 (5) 'A'	6 (6) 'A'		
	Andrew Morris to 24/03/2019	2 (2)	1 (1) 'A'	1 (1) 'A'		1 (1) 'A'

() = number of meetings eligible to attend

'A' = attendee at the meeting

Where the Society's directors have other significant commitments, these are set out in the information relating to Directors on page 33.

The Non-Executive Directors meet without the Executive Directors present on a regular basis.

Principle I - The Board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

Following a review of governance, the Society established a Board Secretariat position during 2019. This position is held by the Head of Compliance & Secretariat who ensures that the Non-Executive Directors have appropriate access to information, resources and support services. Should it be required, the Directors can take independent legal advice at the Society's expense.

Composition, Succession & Evaluation

Principle J - Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for Board and senior management. Both appointments and succession plans should be based on merit and objective criteria and within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

The role of the Board Nominations Committee is set out on page 26 of the Board Nominations Committee Report. This includes appointments to the Board and succession planning.

Corporate Governance Report (continued)

Principle K - The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.

The role of the Board Nominations Committee is set out on page 26 of the Board Nominations Committee Report.

Principle L - Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each Director continues to contribute effectively.

The role of the Board Nominations Committee is set out on page 26 of the Board Nominations Committee Report and includes the annual evaluation process of the Board.

Audit, Risk & Internal Control

Principle M - The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.

The Board Audit Committee's responsibilities are set out on page 16 and include to monitor the effectiveness of the suppliers of internal and external audit services as well as to ensure the integrity of financial and narrative statements. Formal policies and procedures are in place to ensure the independence and effectiveness of the internal and external audit functions.

Principle N - The Board should present a fair, balanced and understandable assessment of the company's position and prospects.

The Board and the Audit Committee

believe that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the necessary information for members to assess performance, strategy and the business model of the Society.

The Statement of Directors' Responsibilities is included in the Annual Report and Accounts, this sets out the Board's responsibilities for the preparation of the Society and Group's annual report and accounts. Business performance is reviewed in detail in the Strategic Report and a statement that the Group's business is a going concern is included in the Directors' Report.

The Audit Committee has considered the Annual Report and Accounts and considered the key estimates and judgments in relation to the Annual Accounts for 2019 including:

- ▶ The impairment allowance required for both individual and collective mortgage impairment allowance. This is assessed based on the level of arrears and forbearance on customer accounts. The key estimates are the level of loans expected to default as well as expected levels of loan exposure compared to expected levels of security including mortgage indemnity insurance where relevant.
- ▶ The assumptions utilised in the valuation of the defined benefit pension scheme. This valuation is particularly sensitive to asset valuations as well as expectations of long term corporate bond yields, inflation and mortality. Management appointed a third party specialist for the valuation of the defined benefit pension scheme which included advice on the assumptions to use and the sensitivity of those assumptions. Having reviewed the sensitivities applied after benchmarking against external data and other organisations,

the Committee was satisfied that the pension assumptions were within an appropriate range.

Further information regarding the sensitivities of these assumptions is included on page 52 of the Annual Report and Accounts.

The Committee reviewed and challenged the assumptions, estimates, risks and sensitivities for each accounting estimate and was satisfied that the provisions were towards the prudent end of the range of sensitivities and that they were appropriately dealt with in the accounts.

Principle O - The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long term strategic objectives.

The Society uses the RMF, which is approved by the Board, as part of its strategy to manage risk proactively in accordance with its prudent risk appetite. The Board owns and approves the risk appetite for the Society. The RMF identifies the processes, ownership, responsibilities and risk oversight required to support its effective implementation across the Society. The Society operates a 'three lines of defence' governance model, to ensure appropriate responsibility is allocated for the management, reporting and escalation of risks.

The Board has identified a number of principal risks and uncertainties that could threaten its business model, future performance, solvency or liquidity. These risks, together with the way they are mitigated, are included within the 'Principal Risks and Uncertainties' section of the Strategic Report.

The CRO provides assurance to the Board on the effectiveness of the RMF through reporting to, and attendance at, the Board Risk Committee and Board Audit Committee.

Remuneration

Principle P - Remuneration policies and practices should be designed to support strategy and promote long term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long term strategy.

The remuneration policies for both Executive and Non-Executive Directors are considered to be fully compliant with this principle. The role of the Remuneration Committee is set out in the Directors' Remuneration Report on page 22.

Principle Q - A formal and transparent procedure for developing policy on Executive remuneration and determining Director and senior management remuneration should be established. No Director should be involved in deciding their own remuneration outcome.

The remuneration policies for both Executive and Non-Executive Directors are considered to be fully compliant with this principle. The role of the Remuneration Committee is set out in the Directors' Remuneration Report on page 22.

Principle R - Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

The remuneration policies for both Executive and Non-Executive Directors are considered to be fully compliant with this principle. The role of the Remuneration Committee is set out in the Directors' Remuneration Report on page 22.

On behalf of the Board of Directors.

**Rachel Court, Chair
26 February 2020**

Directors' Remuneration Report

The report on remuneration for the year ended 31 December 2019 considers the areas set out in the UK Corporate Governance Code relating to remuneration in so far as they are considered relevant to building societies and the FCA Remuneration Code. A revised Corporate Governance Code was issued in July 2018 which applies to accounting periods beginning on or after 1 January 2019. The code is addressed to companies with a premium listing. However, the relevant Building Society regulator (The Prudential Regulation Authority) expects building societies 'to have regard to' the code.

Against this background the Board has undertaken a review of the code's requirements as they apply to building societies and this Remuneration Report addresses the remuneration elements of the code.

The Society's Remuneration Committee is comprised solely of Non-Executive Directors. There were no changes to the Committee membership during 2019. Chair of the Committee is John Leveson and the other members are Rachel Court (Chair of the Board) and Jane Kimberlin. The Chief Executive, Finance Director and HR Director also attend meetings (except for items relating to their remuneration) but are not members. Prior to his appointment as Chair of the Committee, John Leveson had served on the committee for 13 months. The Committee met seven times during 2019.

The Committee's principal responsibilities are:

- ▶ To review and recommend to the Board the overarching Remuneration Policy for the Society as a whole.
- ▶ To determine the policy for Executive Director remuneration and to approve the total individual remuneration package for each Executive Director and member of senior management. The attending members of

management are not present when this matter is decided.

- ▶ To approve the overall increase that is appropriate in respect of the annual review of salaries.
- ▶ To set the fees payable to the Chair of the Board. The Chair of the Board is not present when this matter is decided.
- ▶ To recommend to the Board fees for other Non-Executive Directors and travel and associated expenses for all Non-Executive Directors.
- ▶ To approve the design of any incentive scheme proposed by the Chief Executive.
- ▶ To review contractual payments made to material risk takers on termination and any non-contractual payments made to other staff on termination.

Non-Executive Directors receive fees for the provision of their services including additional fees for Chairmanship of the Board or Board Committees. They do not have service contracts and do not receive any other benefits, bonus or pension entitlement.

The fees are set to reflect the time commitment and responsibilities of the roles. Non-Executive Directors are also reimbursed for relevant expenses.

The fees payable to the Chair of the Board are determined by the Remuneration Committee. The Chair of the Board is a member of the Remuneration Committee. However, she takes no part in the discussion of her own fees and is not present when this matter is decided. The fees payable to all other Non-Executive Directors, including additional fees for Chairmanship of committees, are recommended to the Board by the Remuneration Committee for approval by the Board. The policy for travel and associated expenses payable to Non-Executive Directors is also recommended to

the Board by the Remuneration Committee for approval by the Board.

Fees are reviewed annually and take account of fees payable to Non-Executive Directors and Chairs of building societies that are similar in size and complexity to Leek United Building Society. The review also takes into consideration the principles underpinning the annual Society salary review. In addition, every 3 years the fees are benchmarked against similar UK financial services businesses of a similar size and complexity outside the building society sector.

The main elements of each Executive Director's remuneration package are basic salary, pension benefits, private medical insurance and car allowance.

Only basic salary is pensionable. As at 31 December 2019, the Chief Executive and Finance Director are members of the defined contribution pension scheme. The Board have agreed that any future changes in the percentage contribution rates for Executive Directors will address the issue of alignment between Executive Directors and the wider workforce.

The remuneration of Executive Directors is determined by the Remuneration Committee. It reflects their skills, experience and roles within the Society together with their responsibility in respect of the Society's long term future.

Remuneration is set to enable the Society to recruit, retain and motivate high calibre individuals to run the Society successfully. It is reviewed annually and is benchmarked against building societies that are similar in size and complexity. The Remuneration Committee also take account of individual performance and any general increase awarded to staff.

The review of Non-Executive Director fees and Executive Director salaries applicable for 2019 resulted in percentage increases in fees and salaries which were the same or lower than the standard percentage pay increase awarded to staff.

JOHN LEVESON

CHAIR OF THE
REMUNERATION
COMMITTEE



A performance related pay scheme is in operation for all staff in the Society and the Executive Directors participate in this scheme. The scheme has performance measures based on key elements of the Society's performance and in 2019 enabled a maximum payment of £1,000 regardless of salary. A payment of £750 has been awarded to all qualifying staff for 2019, which is payable in March 2020. The Executive Directors and the other members of senior management who comprise the Executive Committee qualified to receive the payment of £750. Whilst this payment was deserved and justified, they waived their right to the payment. In the view of the Remuneration Committee, the scale of the bonus payment is unlikely to lead to any behavioural risks that can arise from target-based incentive plans.

The Chief Executive is the Society's most highly paid employee and no employee earns more than any Executive Director.

The Corporate Governance Code recommends that an Executive Director's notice period should be one year or less. All Executive Directors have a service contract with the Society which is terminable by either party giving six months' notice.

Relevant remuneration schemes and policies enable the Remuneration Committee to override formulaic outcomes. They also include provisions which enable the recovery and/or withholding of payments in specified circumstances.

The Remuneration Committee did not appoint any external consultants during 2019.

Directors' Remuneration Report (continued)

Directors' Remuneration

The table below summarises directors' pay and benefits for the year ended 31 December 2019.

	2019				
	Salary/ Fees £000's	Benefits /Other (iii) £000's	Sub Total £000's	Pensions £000's	Total £000's
Non-Executive Directors (NEDs)					
Rachel Court	44	1	45	-	45
Keith Abercromby	30	3	33	-	33
Richard Goddard	35	1	36	-	36
Colin Kersley	25	1	26	-	26
Jane Kimberlin	25	2	27	-	27
John Leveson	30	3	33	-	33
Executive Directors					
Andrew Healy (ii) (from 17/12/2018)	216	29	245	32	277
Kevin Wilson (i) (ii) (to 31/12/2018)	-	-	-	-	-
John Kelly (ii)	146	12	158	22	180
Andrew Morris (ii) (iii)	39	3	42	6	48
Robert Broadbent (ii) (from 25/06/2019)	67	5	72	10	82
	657	60	717	70	787

2018				
Salary/ Fees £000's	Benefits /Other (iii) £000's	Sub Total £000's	Pensions £000's	Total £000's
43	1	44	-	44
29	3	32	-	32
34	1	35	-	35
24	-	24	-	24
24	2	26	-	26
27	3	30	-	30
9	-	9	-	9
234	47	281	-	281
142	13	155	21	176
120	11	131	18	149
-	-	-	-	-
686	81	767	39	806

(i) Kevin Wilson, with agreement from the Society, took his pension contribution as cash allowance in 2018.

(ii) The Executive Directors waived their bonus entitlement in 2019 (2018: £1,000 each).

(iii) Andrew Morris was appointed on 21 March 2018 and left the Society on 24 March 2019.

The Directors' Remuneration Report will be the subject of an advisory vote at this year's AGM.

**John Leveson, Chair of the
Remuneration Committee
26 February 2020**

Board Nominations Committee Report

The Board Nominations Committee is responsible for ensuring the Society has appropriately skilled individuals to carry out key senior roles. The Committee is responsible for succession planning for Directors, Non-Executive Directors and other key Senior Executives in the course of its work, taking into account the challenges and opportunities facing the Society, and the skills and expertise needed on the Board today and in the future. The Committee meets at least twice per year with additional meetings arranged, when necessary, to fulfil its responsibilities.

The Chair of the Committee, Rachel Court, has extensive experience within the financial services sector and brings a wealth of experience to the committee. Other members of the committee are independent Non-Executive Directors; Richard Goddard and Colin Kersley, along with the Chief Executive, Andrew Healy, who provide a wide range of experience on the make-up, skill set and experience of what makes a good Board composition.

Board Composition, Skills and Experience

The Committee ensures that collectively, the Board has sufficient breadth and depth of experience to meet the requirements of the business. The Committee uses a skills matrix to identify the competencies, skills and experience of Board members. This informs the skills profile sought from new appointees as well as determining a timeline for future planned appointments to the Board. All Board members undertake an annual self-evaluation against this skills matrix to ensure any gaps are identified and the necessary action taken to address such gaps through additional training or recruitment, ensuring that the overall Board succession plan remains fit for purpose.

During 2019, the Committee reviewed the Board skills matrix to consider whether there were any significant gaps. In the

**RACHEL
COURT**
CHAIR



Committee's view, there was a good blend of skills across the Board as a whole, with no immediate critical gaps. The key area of succession identified was the need to plan for the replacement of Richard Goddard as Chair of the Risk Committee and Senior Independent Director in the short to medium term.

Appointment of Directors

The Committee ensures that appropriate arrangements are in place for the recruitment and selection of suitably qualified persons to act as Directors of the Society. The Committee identifies any role, other than a Board Director, for which it deems it appropriate to assume responsibility for recruitment and selection - usually key Senior Executive positions. During 2019, the Board Nominations Committee was involved in the recruitment for the Senior Executive positions of HR Director and Director of Customer Services, in addition to the Board role of Finance Director as well as the promotion of the Head of Risk to Chief Risk Officer.

There is a formal and rigorous approach to the appointment of Directors, with the Nominations Committee leading the process and making a recommendation to

the Board. This ensures that all Directors meet the fitness and propriety standards of the Prudential Regulation Authority and Financial Conduct Authority and that they have the capabilities and experience to discharge their responsibilities under the Senior Managers & Certification Regime. Candidates are considered on merit and objective criteria, with due regard to the benefits of diversity, including gender, social and ethnic backgrounds, cognitive and personal strengths. Recruitment processes are designed to ensure access to a diverse range of talent pools, to maximise the opportunity to enhance the quality and diversity of applicants. The Committee also considers whether appointees have sufficient time available to devote to the position.

The Society may use independent executive search and selection agencies to support the recruitment of Board Members. During 2019 the Committee used the services of Warren Partners to appoint Robert Broadbent as Finance Director. The Society's only connection with Warren Partners is for recruitment and selection. Robert met the tests of fitness and propriety, as prescribed by the regulators, prior to taking up his role. In addition, the Society's Rules require that new Directors must stand for election no later than at the Annual General Meeting in the year following the financial year in which they are appointed. Robert Broadbent will therefore stand for election at the AGM in April 2020.

Diversity

Diversity and inclusion are core considerations in both the appointment of Board members and the continuing development of the Board. The Board is committed to building a diverse and inclusive workforce across the Society and embraces diversity and the promotion of equal opportunities in all forms. Appointments continue to be made based on the merit, skills and experience that the individual can bring to the Society, with the Committee being supportive of the recruitment, development and retention of

a diverse range of individuals at all levels of the Society. The Board is comprised of 22% women; the Executive team is 20% female.

The Board is committed to ensuring that all policies and procedures are cognisant of the benefits of having a clear direction of travel around Diversity and Inclusion. The Society has an Inclusion and Diversity Policy which is approved by the Nominations Committee.

Succession Planning

Under the 2018 UK Corporate Governance Code, there was an extension of the role of the Nominations Committee to include succession planning for senior management, as well as Board positions, and the need to develop a diverse pipeline for succession. Senior management roles are defined as those roles that report directly to the Chief Executive, including the Company Secretary.

The Committee has considered succession planning during 2019 and a key focus for 2020 is to ensure that there is appropriate succession planning for Executive Directors and Senior Management. During 2020, the Committee will also focus on enhancing the succession plans for Non-Executive Directors to help inform and manage the long-term succession strategy.

Board Evaluation

The Board undertakes a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors. This evaluation encompasses composition, committee structure, dynamics, administration, agenda, development and performance. In addition to these, it seeks feedback as to whether each Director continues to contribute effectively in their role. The feedback for individual Directors is incorporated into their annual performance appraisal.

Board Nominations Committee Report (continued)

The annual performance appraisal for Non-Executive Directors also includes an assessment of their time commitment for Board and sub-committee meetings and any other duties. The performance evaluation of the Chair is conducted by Non-Executive Directors, led by the Senior Independent Director and takes into account the views of Executive Directors. It is the Nominations Committee's responsibility to review the results of the Board performance evaluation process that relate specifically to the composition of the Board. Other aspects of the Board Evaluation are considered by the Board as a whole.

In line with the UK Corporate Governance Code, the Board's effectiveness is also evaluated by external consultants – normally on a three yearly basis. The last external review was carried out by Deloitte LLP during 2015. Due to the change in Chief Executive, the external review due at the end of 2018 was deferred to the end of 2019.

The Board commenced its external review in December 2019, and results will be available for its consideration during Q1 2020.

Action plans are developed based on both internal and external Board effectiveness reviews, with regular monitoring of progress to ensure satisfactory conclusion of agreed actions.



The
board in
2019

This regular review process has resulted in significant enhancements in the efficiency and effectiveness of Board Governance over the course of the last 4 years, and the Board is committed to continually reviewing its performance to identify areas for further improvement.

Rachel Court
Chair of the Board
Nominations Committee
26 February 2020

“The Board is committed to building a diverse and inclusive workforce across the Society and embraces diversity and the promotion of equal opportunities in all forms.”

Summary Financial Statement

For the year ended 31 December 2019

The Summary Financial Statement is a summary of information in the audited Annual Accounts, Directors' Report and Annual Business Statement, all of which will be available to members and depositors free of charge on demand at every office of Leek United Building Society from 14 April 2020.

Approved by the Board of Directors on 26 February 2020.

Rachel Court	Andrew Healy	Robert Broadbent
Chair	Chief Executive	Finance Director



Summary Directors' Report Financial Performance

Total Assets

The total assets of the Group at the end of 2019 were £1,091.4m, an increase of £20m in the year.

Profit and Capital

The profit after tax of £1.9m was transferred to the general reserve.

Management Expenses

The management expenses ratio was 0.97% for 2019 (2018: 0.97%).

Liquid Assets

Liquid assets in the form of cash securities amounted to £239.6m, representing 23.4% (2018: 24.1%) of shares and borrowings.

Loans and Advances

The total amount outstanding on loans and advances, including mortgages, at the end of the year was £849m representing growth of 2.9%.

Shares and Deposits

Investors' and depositors' balances at 31 December 2019 totalled £889.3m.

Interest Rates

The Society's standard variable mortgage interest rate was 5.69% throughout 2019.

Summary Statement

Group results for the year

	2019 £000s	2018 £000s
Interest receivable	21,483	21,193
Interest payable	(8,867)	(8,224)
Net interest receivable	12,616	12,969
Other income and charges	496	408
Net gain / (loss) from derivative financial instruments	(239)	424
Administrative expenses and depreciation	(10,499)	(10,263)
Net finance credit on pension scheme	(12)	(41)
Impairment (charge) / credit on loans and advances to customers	(8)	173
Provisions - Financial Services Compensation Scheme levy	20	149
Profit for the year before taxation	2,374	3,819
Taxation	(425)	(673)
Profit for the year	1,949	3,146

Financial position at the end of the year

	2019 £000s	2018 £000s
Assets		
Liquid assets	239,563	241,172
Loans and advances to customers	848,729	825,067
Fixed and other assets	3,140	5,117
Total assets	1,091,432	1,071,356
Liabilities		
Shares	873,194	850,096
Amounts owed to credit institutions	132,250	134,176
Amounts owed to other customers	16,153	18,173
Other liabilities	2,364	1,920
Net pension liabilities	911	1,327
General Reserve	65,508	64,725
Available for Sale Reserve	32	(78)
Revaluation Reserve	1,020	1,017
Total liabilities	1,091,432	1,071,356

Summary of key financial ratios

	2019 %	2018 %
1. Gross capital as a percentage of shares and borrowings	6.52	6.55
2. Liquid assets as a percentage of shares and borrowings	23.45	24.06
3. Profit on ordinary activities after taxation as a percentage of year end total assets	0.18	0.29
4. Management expenses as a percentage of mean total assets	0.97	0.97

Gross capital as a percentage of shares and borrowings measures the proportion which the Group's capital bears to the Group's liabilities to holders of shares, depositors and other providers of funds (investors).

The Group's capital consists of profits accumulated over many years in the form of reserves together with the revaluation reserve. Capital provides a financial cushion against any losses which might arise from the Group's activities and therefore protects investors.

The **liquid assets ratio** measures the proportion that the Group's assets, which are held in the form of cash, short-term deposits and securities readily convertible into cash, bears to the Group's liabilities to investors.

Most of the Group's assets are long-term mortgages, while many of its liabilities to investors are repayable on demand. 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.

The **profit/assets ratio** measures the proportion that the Group's profit after taxation for the year bears to the Group's total assets at the year end.

The Group needs to make a reasonable level of profit each year in order to maintain its capital ratio at a suitable level to protect investors. However, a building society does not have to pay dividends to equity shareholders as a company does. The Group is therefore able to operate safely with lower margins than a bank.

The **management expenses ratio** measures the proportion that the Group's administrative expenses bear to the average of the Group's total assets during the year. Management expenses consist mainly of the costs of employing staff and of running the Society's branches. Expenses need to be controlled so that the Group operates as efficiently as possible while providing the service that members require.



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

Opinion

We have examined the summary financial statement of Leek United Building Society ('the Society') for the year ended 31 December 2019 set out on pages 29 and 30.

On the basis of the work performed, as described below, in our opinion the summary financial statement is consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year ended 31 December 2019 and conforms with the applicable requirements of section 76 of the Building Societies Act 1986 and regulations made under it.

Basis for opinion

Our examination of the summary financial statement consisted primarily of:

- Agreeing the amounts and disclosures included in the summary financial statement to the corresponding items within the full annual accounts, Annual Business Statement and Directors' Report of the Society for the year ended 31 December 2019, including consideration of whether, in our opinion, the information in the summary financial statement has been summarised in a manner which is not consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for that year;
- Checking that the format and content of the summary financial statement is consistent with the requirements of section 76 of the Building Societies Act 1986 and regulations made under it; and
- Considering whether, in our opinion, information has been omitted which although not required to be included under the relevant requirements of section 76 of the Building Societies Act 1986 and regulations made under it, is nevertheless necessary to include to ensure consistency with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year ended 31 December 2019.

We also read the other information contained in the Business Review and Summary Financial Statement and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Our report on the Society's full annual accounts describes the basis of our opinions on those annual accounts, the Annual Business Statement and Directors' Report.

Directors' responsibilities

The directors are responsible for preparing the summary financial statement within the Business Review and Summary Financial Statement, in accordance with applicable United Kingdom law.

Auditor's responsibilities

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Business Review and Summary Financial Statement with the full annual 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.

The purpose of our work and to whom we owe our responsibilities

This auditor's statement is made solely to the society's members, as a body, and to the society's depositors, as a body, in accordance with section 76 of the Building Societies Act 1986. Our work has been undertaken so that we might state to the society's members and depositors those matters we are required to state to them in such a statement 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 and the society's depositors as a body, for our work, for this statement, or for the opinions we have formed.

Jessica Katsouris (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

26 February 2020

Information relating to directors as at 31 December 2019:

Name/ Date of Birth	Occupation	Date of Appointment	Other Directorships
 Keith Abercromby BSc, FIA 05/03/1964	Non-Executive Director	23/03/2016	Argus Group Holdings Limited Argus Insurance Company (Europe) Limited Canada Life Limited
 Robert Broadbent BSc, ACA 10/12/1976	Building Society Finance Director	25/06/2019	Leek United Home Loans Ltd Leek United Financial Services Ltd The Mortgage Outlet Ltd
 Rachel Court JP, BA Oxon 27/06/1966	Non-Executive Director	26/11/2014	Invesco Pensions Ltd Invesco UK Ltd Invesco Fund Managers Ltd Leek United Home Loans Ltd Leek United Financial Services Ltd The Mortgage Outlet Ltd
 Richard Goddard MA, FCA 09/06/1957	Non-Executive Director	23/11/2011	RCG Business Consultancy Ltd
 Andrew Healy MoB, BSc, MCIPD 10/11/1966	Building Society Chief Executive	17/12/2018	Leek United Home Loans Ltd Leek United Financial Services Ltd The Mortgage Outlet Ltd
 John Kelly ACA, BA 14/09/1965	Building Society Operations Director	26/04/2017	None
 Colin Kersley 20/10/1956	Non-Executive Director	21/12/2016	Assurant plc Assurant plc (European Subsidiary)
 Jane Kimberlin BA 25/09/1959	Non-Executive Director	23/11/2016	Creaton Consultants Limited Creaton Community Benefit Society
 John Leveson MBA, FCIB 04/09/1959	Non-Executive Director	19/05/2015	H & H Group plc
 Andrew Morris* MPhil, FCA, MBA 31/07/1972	Building Society Finance Director (until 24/03/2019)	21/03/2018	None

*Andrew Morris left the Society on 24/03/2019

Registered Principal Office

50 St. Edward Street, Leek,
Staffordshire, ST13 5DL

Registered No.

323B

Directors

Keith Abercromby BSc, FIA
Robert Broadbent BSc, ACA
Rachel Court JP, BA Oxon
Richard Goddard MA, FCA
Andrew Healy MoB, BSc, MCIPD
John Kelly BA, ACA
Colin Kersley
Jane Kimberlin BA
John Leveson MBA, FCIB

Chair

Rachel Court JP, BA Oxon

Chief Executive

Andrew Healy MoB, BSc, MCIPD

Internal Auditor

Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

Independent Auditors

KPMG LLP
Chartered Accountants
1 St. Peter's Square
Manchester
M2 3AE

2020

NOTICE OF ANNUAL GENERAL MEETING & VOTING DETAILS



Message from the Chair

Dear Member,

Our 157th Annual General Meeting (AGM) is your opportunity to contribute to how your Society is run. You can raise questions about your Society's performance, and importantly, use your voting rights.

At the front of this booklet you'll find our 'Business Review and Summary Financial Statement 2019'. This highlights that Leek United completed another successful year in 2019, despite an uncertain economic environment.

**RACHEL
COURT**
CHAIR



Ways to vote

If you cannot attend the AGM in person, there are three other ways to vote:

01

ONLINE:

leekunited.co.uk/agm. Online voting is available 24 hours a day until 12 noon on 25 April 2020. You'll need your user ID and password, which you can find at the top of your proxy voting form, enclosed.

02

BY POST:

fill in the proxy voting form and return it to us in the prepaid envelope.

03

IN BRANCH/AGENCY:

place your completed proxy voting form in one of the secure ballot boxes at any Leek United branch/agency.

By voting in the AGM, you can ensure we continue to focus on the things you tell us are important. Whether you vote online, by post or in branch, it only takes a minute. If you intend to vote via proxy, you can speed up the process even further by using the 'quick vote' option on the form.

It is the recommendation of the Board that you vote in favour of all resolutions.

Supporting a good cause

Voting in the AGM not only ensures your voice is heard, you'll also be supporting a good cause. Last year you raised over £1,300. For every vote received, we will donate 20 pence to Home-Start Staffordshire Moorlands. Help us to raise even more funds this year for this excellent cause by casting your vote today.

On behalf of Leek United, I would like to thank you for your continued support, which has helped us to achieve another strong performance in 2019.

Yours sincerely,

Rachel Court
Chair

Notice of Annual General Meeting

157th Annual General Meeting of the Members of Leek United Building Society

Notice is hereby given that the 157th Annual General Meeting of Leek United Building Society will be held on 29 April 2020 at the Society's Head Office, 50 St. Edward Street, Leek, Staffordshire ST13 5DL, at 12 noon for the following purposes:-

1. To receive the 2019 Report and Accounts.
2. To appoint KPMG as External Auditor.
3. To approve the Directors' Remuneration Report.
4. To consider and, if thought fit, to elect/re-elect the following directors:
 - a) To elect Robert Broadbent
 - b) To re-elect Keith Abercromby
 - c) To re-elect Rachel Court
 - d) To re-elect Richard Goddard
 - e) To re-elect Andrew Healy
 - f) To re-elect John Kelly
 - g) To re-elect Jane Kimberlin
 - h) To re-elect John Leveson
5. To transact any other business permitted by the Rules of the Society.

By order of the Board of Directors.

**Andrew Healy, Chief Executive
March 2020**

**ANDREW
HEALY**
CHIEF
EXECUTIVE



Coronavirus Update

In Leek United, the health and safety of our members and employees is our priority. We are closely monitoring the ongoing coronavirus (Covid-19) situation and following the official Public Health England and NHS guidance regarding the actions to be taken.

While we intend to hold the AGM on 29 April, we would recommend that members who are planning to attend would monitor our website, leekunited.co.uk/agmnews. Here you will find up to date information regarding the AGM. Alternatively, please just contact your local branch or call us on **0800 093 0004**.

Remember you don't need to attend the AGM in person to be able to vote. You can use our online, branch or postal voting options until noon on 25 April 2020.

Directors standing for election/re-election

Robert Broadbent BSc, ACA

Finance Director and Executive Director since April 2019.

Skills and Experience

Robert, a Chartered Accountant, has more than 20 years of experience in financial services, including positions at both Board and executive level.

In April 2019, he was appointed Finance Director and is responsible for managing the Society's capital, funding and liquidity positions. An integral part of his role is ensuring the integrity of financial and regulatory reporting whilst ensuring the Society maintains an effective stress testing framework. He also holds executive responsibility for the Society's work in the area of climate change.

Robert has spent most of his professional career either working for, or providing advisory services to, the mutual sector with a particular focus on the building society sector. He passionately believes that a modern mutual has a key role to play in delivering financial services to members and supporting the local communities in which they are based.

Robert is a Chartered Member of the Institute of Chartered Accountants in England and Wales.

Robert attends the Board Risk Committee and Board Audit Committee. He chairs the Asset and Liability Committee and Credit Committee and is a member of the Risk Oversight Committee and Investment Programme Steering Committee.

**ROBERT
BROADBENT**
FINANCE
DIRECTOR



Robert commenced his role as Finance Director of Leek United in April 2019 and a resolution to formally elect him to the Society's Board will go before members at the AGM in April 2020.

Current External Positions

None.

Keith Abercromby BSc, FIA

Independent Non-Executive Director since March 2016.

Skills and Experience

Keith has 35 years of experience in the financial services sector in the UK and internationally covering retail banking, insurance, investments and pensions.

This includes 20 years at Board level in a variety of roles including Non-Executive Director, CEO and Finance Director across a range of companies including the Halifax, Clerical Medical, Aviva, Liverpool Victoria and Castle Trust.

During his career at the Halifax, Keith was employed at Board level in a wide range of roles including Chief Executive of its life insurance and investment businesses and the executive responsible for risk and products in retail. At Aviva, Keith was the Finance Director of its UK life insurance companies – Norwich Union, General Accident and Commercial Union – before being appointed Group Finance Director by Liverpool Victoria.

Keith is Chair of the Board Audit Committee and is a member of the Board Risk Committee.

**KEITH
ABERCROMBY**
NON-EXECUTIVE
DIRECTOR



Current External Positions

Keith currently holds the following external appointments:

- ▶ Independent Non-Executive Director of Canada Life Limited since 2017, where he is a member of the Audit, Risk and Nominations Committees and chairs the Audit Committee.
- ▶ Independent Non-Executive Director of Argus Group Holdings since 2017, where he is a member of the Audit Committee and chairs its subsidiary, Argus Insurance Company (Europe) Ltd.

Directors standing for election/re-election

Rachel Court JP, BA Oxon

Independent Non-Executive Director since October 2014 and Independent Chair since April 2016.

Skills and Experience

Rachel has 23 years of experience working in the Building Society sector including 7 years at Executive level. This has been followed by 6 years operating as a Non-Executive Director in the broader financial services sector as well as in the Public and Voluntary sectors.

After an 18 month period on the Board of Leek United, she was appointed as the Society's Independent Chair, and has overseen the reshaping of the Society's Board, including the appointment of a new Chief Executive and Finance Director in 2018/19.

Rachel has a career-long commitment to and understanding of the mutual sector and a passion for its ethos. She has a particular understanding of customer service transformation, operational efficiency and risk management, HR and remuneration, product development, sales, mortgage lending and the Intermediary market as a result of her previous roles, and has considerable experience of managing Regulatory engagement. As a leader, she brings a strong commitment to excellent team working and to building an open and constructive environment in which the interests of all stakeholders are fully considered in developing the Society's strategy and overseeing its performance.

**RACHEL
COURT**
CHAIR



As well as Chairing the Board, Rachel also Chairs the Board Nominations Committee and is a member of the Board Remuneration Committee.

Current External Positions

Rachel currently holds the following external appointments:

- ▶ Independent Chair of Invesco Pensions Limited, where she is also a member of the Audit and Risk Committee.
- ▶ Non-Executive Director of Invesco UK limited, where she is also Chair of the Risk and Compliance committee and a member of the Audit Committee.
- ▶ Non-Executive Director of Invesco Fund Managers Ltd.
- ▶ Governor – Calderdale College.
- ▶ Chair – PRISM Youth Project and Independent School.
- ▶ Magistrate.

Richard Goddard MA, FCA

Independent Non-Executive Director since November 2011 and Senior Independent Director since June 2016.

Skills and Experience

Richard is a Chartered Accountant with more than 30 years' experience in financial services including retail and corporate banking, general insurance, life assurance and pensions. As a former Finance Director and Financial Controller, Richard has the background to analyse and test the Society's Financial and Risk strategies.

Richard worked at KPMG as a senior audit manager. In 1993, he joined the Co-operative Bank where he developed robust, effective financial controls and led the finance team through two significant mergers. During his career at the Co-operative Bank, Richard was an Executive Director and also served as a Non-Executive Director at its joint venture, Unity Trust Bank.

Richard was co-opted onto the Board during 2011. Richard serves as Senior Independent Director, Chair of the Board Risk Committee and Chair of the Pension Trustees Committee. Richard is also a member of the Board Audit Committee and the Board Nominations Committee.

**RICHARD
GODDARD**
NON-EXECUTIVE
DIRECTOR



Current External Positions

Richard currently holds the following external appointments:

- ▶ Director of RCG Business Consultancy.

Directors standing for election/re-election

Andrew Healy MoB, BSc, MCIPD

Chief Executive and Executive Director
since December 2018.

Skills and Experience

Andrew has more than 25 years of experience in the financial services sector in the UK and internationally, including over 10 years at CEO and Board level. In December 2018, he was appointed Chief Executive with responsibility for developing and proposing the Society's strategy, objectives and plans as well as for maintaining the Society's business model and culture.

Andrew has a very deep commitment to the ethos of mutuality and the responsibility of financial institutions to contribute tangibly to the communities they serve. With his values and experience, he is particularly well placed to help maintain the safety, soundness and success of the Society for many years to come.

Andrew is a former Chairman of the Northern Ireland Banking Association and a former Board Director of the Asian Banking Association. He is a Fellow of the Institute of Banking in Ireland and a Chartered Member of the UK Chartered Institute of Personnel and Development.

Andrew is a member of the Board Nominations Committee and he attends the Board Risk Committee, Board Audit Committee and Board Remuneration Committee. In terms of management committees, Andrew chairs the Executive Committee and Investment Programme Steering Committee and he is also a member of the Risk Oversight Committee, Asset and Liability Committee, Portfolio Investment Committee and Credit Committee.

**ANDREW
HEALY**
CHIEF
EXECUTIVE



Current External Positions

None.

John Kelly ACA, BA

Operations Director and Executive Director since February 2017.

Skills and Experience

John has 20 years of experience in the retail financial services sector in the UK. He joined the Society in October 2016 as Interim Operations Director and was appointed to the role on a permanent basis in February 2017. He has been responsible for marketing, mortgage sales, the branch network, customer operations, IT and change management at different times over the last three years. He is currently responsible for marketing, mortgage sales, IT and change management and for leading the Society's Investment Programme.

John has worked in executive and senior management positions within the building society sector for most of the last 20 years, displaying a strong commitment to the values that make building societies different in their strategic outlook and focus. This is particularly true of John's passion for putting the customer first in what and how the Society operates and in balancing this with the need for financial stability rather than profit maximisation.

John attends the Board Risk Committee and Board Audit Committee. In terms of management committees, John chairs the Product Governance Committee, Portfolio Investment Committee and Customer Conduct Forum. He is also a member of the Executive Committee, Risk Oversight Committee, Asset and Liability Committee, Investment Programme Steering Committee, Change Management Committee and Credit Committee.

**JOHN
KELLY**
OPERATIONS
DIRECTOR



Current External Positions

None.

Directors standing for election/re-election

Jane Kimberlin BA

Independent Non-Executive Director
since November 2016.

Skills and Experience

Jane is an internationally experienced Board Chief Information Officer/Information Technology Director with over 25 years of delivering significant transformation across a wide range of companies including financial services, retail and utilities. She led the successful merger of IT for several major companies following acquisitions.

With her experience in retail, Jane is a strong advocate of the customer at the heart of the business. Having managed large teams who were responsible for the development and performance of various major digital platforms, Jane is able to leverage her change and technical skills. Jane is passionate about the appropriate use and development of technology and works voluntarily encouraging children and adults to have a successful career in IT.

Jane is a former IT Director of BNP Paribas, a former IT Director of Domino's Pizza, a former IT Director of Scottish and Newcastle/Spirit Group and a former IT Director of PowerGen (now E.ON). Jane is a former Fellow of the Institute of Directors. Jane is a member of the Board Risk Committee and Board Remuneration Committee.

**JANE
KIMBERLIN**
NON-EXECUTIVE
DIRECTOR



Current External Positions

Jane currently holds the following external appointments:

- ▶ Director and Society Secretary, Creton Community Benefit Society.
- ▶ Director, Creton Consultants.
- ▶ Liveryman, Worshipful Company of Information Technologists.

John Leveson MBA, FCIB

Independent Non-Executive Director since May 2015.

Skills and Experience

John has over 36 years experience in a wide range of roles within the Building Society sector including 17 years as an Executive Director and latterly Deputy Chief Executive of a regional building society. In addition to serving on a building society group Board, he served on and chaired the boards of subsidiary companies involved in estate agency, financial planning and car finance.

This has given John a strong understanding of the building society sector and he is a strong advocate of the benefits of a mutual business model in financial services.

During his career, he has developed skills and expertise across a broad range of areas including marketing, sales, product development, mortgage underwriting and customer services.

John is Chair of the Board Remuneration Committee and is a member of the Board Risk Committee.

**JOHN
LEVESON**
NON-EXECUTIVE
DIRECTOR



Current External Positions

John currently holds the following external appointments:

- ▶ Non-Executive Director of H&H Group plc.
- ▶ Volunteer driver for a community bus service which serves the rural area where John lives.

Voting Conditions and Notes on Voting

Please read these notes and then complete the enclosed Proxy Voting Form and return it to the Society.

1. Voting Conditions

- (1) If you are using the enclosed proxy voting form to vote by proxy the last date for receipt of your vote is 12 noon on 25 April 2020. If you are voting online, the last date for receipt of your vote is 12 noon on 25 April 2020. You can vote in person at the meeting on 29 April 2020.
- (2) You must qualify as either a shareholding Member or a borrowing Member.

Shareholding Members

- (a) To qualify as a shareholding Member, you must:
 - (i) if you are an individual, be at least 18 years old on 29 April 2020, and
 - (ii) have held shares to the value of not less than £100 at midnight at the end of 31 December 2019, and
 - (iii) not have ceased to hold a share or shares at any time between midnight at the end of 31 December 2019 and the voting date, and
 - (iv) hold a share or shares in the Society on the voting date.
- (b) Where the shares are held jointly by two or more persons, only the first named in the records of the Society, in respect of those shares, can have any voting rights.
- (c) Where the shareholding is held in the name of a business, that business may authorise an individual to act as its representative by resolution of its directors. However, the representative cannot be a voting Member of the Society.
- (d) A holder of a Power of Attorney or Deputy can vote on behalf of the Member.

Borrowing Members

- (a) To qualify as a borrowing Member, you must:
 - (i) be at least 18 years old on 29 April 2020, and
 - (ii) have owed the Society not less than £100 in respect of a mortgage debt at midnight at the end of 31 December 2019, and
 - (iii) owe the Society not less than £100 in respect of a mortgage debt on the voting date.
- (b) Where a mortgage debt is owed jointly by two or more persons, only the first named in the records of the Society, in respect of that mortgage, can have any voting rights.

- (3) In addition, you can vote only once as a Member, irrespective of:

- (a) the number of accounts you hold and whether you hold accounts in different capacities (for example, on your own behalf and as a trustee), and
- (b) whether you qualify to vote as both a shareholding Member and a borrowing Member and the amount of your shareholding or mortgage debt.

2. Notes on Voting

- (1) You may vote yourself at the Annual General Meeting, or you may use the form provided to appoint one proxy to attend and vote for you. You may appoint the Chair of the meeting or anyone else as your proxy, and your proxy does not have to be a Member of the Society. Your proxy may vote for you at the meeting, but only on a poll. A poll is a formal vote that may take place after an initial vote by a show of hands. Your proxy may not speak at the meeting, except to demand or to join in demanding a poll.
- (2) If you wish to instruct your proxy how to vote on your behalf and on any resolution or the election/re-election of directors, please place an 'X' in the appropriate box. If you do not instruct your proxy how to vote on your behalf, your proxy is authorised to vote at his or her discretion in respect of that resolution or the election/re-election of directors.
- (3) Please do not forget to sign and date section A or B as appropriate on the voting form. Only signed and dated forms will be valid.
- (4) Please complete the enclosed proxy voting form and either place it in the ballot box at any Leek United branch/agency or post it to Leek United Building Society Scrutineers, AGM Voting, Howsons Electoral Services, 50 Broad Street, Leek, ST13 5NS, for receipt no later than 12 noon on 25 April 2020.
- (5) Members attending the meeting will be requested to produce their passbook or other evidence of membership in order to obtain admission. If you are appointing a proxy, other than the Chair of the meeting, to attend the meeting and vote on your behalf, please ensure that your proxy brings an appropriate form of identification to the meeting.

Directions to the Society's AGM on 29 April 2020

Head Office:

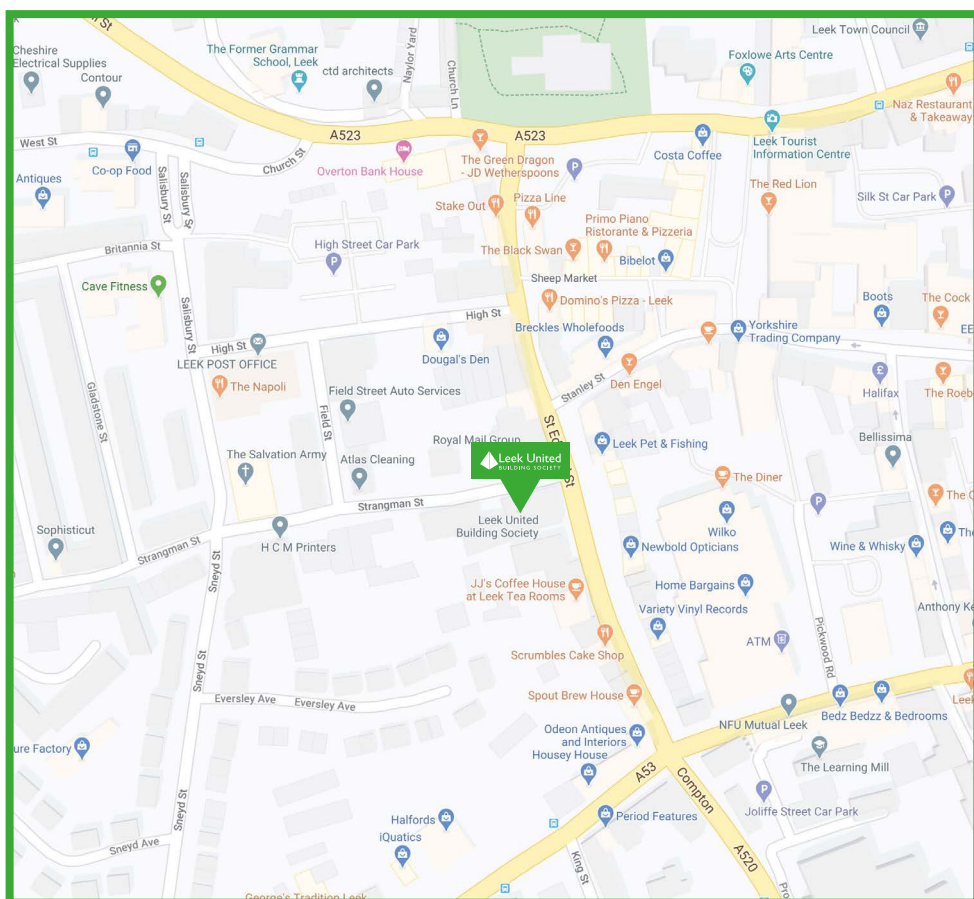
If you are using satellite navigation, the postcode is ST13 5DL.

The full address is:

Leek United Building Society,
Head Office, 50 St. Edward Street,
Leek, Staffordshire ST13 5DL.

Directions:

The entrance and car park is situated on Strangman Street, across the road from Royal Mail.



Leek United Building Society,
Head Office, 50 St. Edward Street, Leek,
Staffordshire ST13 5DL.

t: 0800 093 0004

Branches and agencies throughout Staffordshire,
Cheshire, Shropshire and Derbyshire.

A member of the Building Societies Association.
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