

▲ LEEK Building Society

MEMBERS' REVIEW 2022



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Leek Building Society is a trading name of Leek United Building Society, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority with firm reference number 100014. Our details can be found on the Financial Services Register at <https://register.fca.org.uk/s/>. Leek United Building Society's address for service is 50 St. Edward Street, Leek, Staffordshire ST13 5DL.

OUR PERFORMANCE HIGHLIGHTS

Total Assets
£1.24bn

Regulatory Capital
£75.4m

Underlying Profit Before Tax
£5.0m

Profit Before Tax
£9.6m

Mortgage Balances
£888m

Shares & Deposits
£1.01bn

98%
Customer Satisfaction

97%
Proud Employees

Over £100k
donated to Charities & Community causes

Balance sheet	2022	2021
Total Assets	£1.24bn	£1.18bn
Mortgage Balances	£888m	£869m
Shares and Deposits	£1.01bn	£990m
Operating performance		
Underlying Profit Before Tax	£5.0m	£2.5m
Profit Before Tax	£9.6m	£3.6m
Net Interest Margin	1.47%	1.12%
Management Expenses Ratio	1.07%	0.94%
Mortgage Arrears	0.11%	0.21%
Financial strength		
Regulatory Capital	£75.4m	£70.2m
Total Capital Ratio	18.4%	18.1%
Liquid Assets	£308m	£298m

Explanations for the above terms can be found in the Strategic Report on page 20.





RACHEL COURT

CHAIR

CHAIR'S STATEMENT

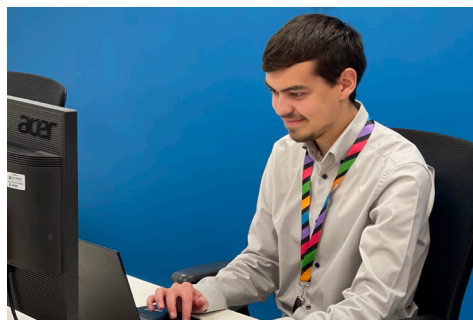
I am delighted to introduce the Society's Business Review and Summary Financial Statement for 2022, a challenging but extremely positive year of which I am very proud. Our continuing focus on our mutual values has supported our strong financial performance as well as extremely high member and colleague satisfaction which is all the more pleasing as this was achieved while we continued our strategic investment programme which will underpin our success and sustainability for many years to come.

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Significant further detail regarding the Society's financial performance, strategy and risk management can be found throughout the annual report, in particular in the Chief Executive's Review, Strategic Report and Risk Management Report.

Economic and Market Conditions

There is no doubt that in 2022 there have been momentous developments for the United Kingdom and the world at large to reflect on. Just as we were recovering from the pandemic, Europe saw its first significant conflict in over 30 years, with the Russian invasion of Ukraine and the resulting economic fall-out causing impacts the world over. In the UK, we have been hit hard by the cost-of-living crisis that has emanated in the main from





higher wholesale energy prices and wider increases in inflation. We have also seen substantial increases in base rate as the Bank of England looked to control this higher inflation which for some has further challenged their financial resilience as they have faced higher borrowing costs. Over the second half of the year, the country's economic outlook became even more uncertain with the potential for a recession in the course of 2023.

The housing market remained reasonably resilient during the year despite the headwinds created by the cost-of-living crisis, rising interest rates and the deteriorating economic outlook. The level of market lending for house purchases cooled in comparison to 2021, which benefited from stamp duty concessions and other factors, but nonetheless was higher than pre-pandemic numbers. There was additionally a good level of remortgage activity which was in part driven by buyers looking to lock-in low rate deals as increases in base rate translated into higher mortgage rates. However, there was a notable slowdown in the latter part of the year which was influenced by a combination of higher interest rates, ongoing high inflation and concerns that property prices would fall.

Against this backdrop, it is good to report that the Society's gross and net mortgage lending showed an improvement from the levels achieved in the prior year.

Base rate finished the year at 3.50% and increased further to 4.0% in February 2023. In addition to the resulting higher mortgage rates, it is now widely anticipated that property prices will reduce, although it is important to note that this should be considered in the context of prices rising by almost 25% since the start of 2020.

In terms of our members' ability to repay their borrowings, higher interest rates have not been good news for those on variable rates or for those reaching the end of their fixed rate mortgage term. I am pleased that we were able to soften the blow for those on variable rates by only passing on approximately half of the Bank of England base rate increases, while we continued to offer competitively priced products for all customers. It is positive to report that we have not yet seen an increase in mortgage arrears, a result that has undoubtedly been supported by our prudent approach to underwriting and customer affordability. However, there is naturally a heightened risk that higher arrears will materialise in 2023 as challenging conditions persist. I would like to emphasise that we have a range of resources to support any members who are in financial difficulty or indeed who are concerned that they may experience difficulties in the future. Please get in touch with us if you feel this may apply to you.

The savings market experienced a range of dynamics during 2022. Activity was

relatively subdued in the first half of the year as households released the funds accumulated during the pandemic, including to support their higher day to day living costs caused by higher inflation and interest rates. However, the improved savings rates on offer in the second half of the year led to increased levels of market activity and balances, the bulk of which centred on fixed rate savings products. In the same way that we sought to support our mortgage members as interest rates rose, the Society responded in a fair manner to Bank of England base rate increases, offering a highly competitive suite of variable and fixed rate savings, whilst balancing the interests of variable rate mortgage and savings customers.

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This approach resulted in solid savings inflows, with the Society exceeding the £1 billion threshold for total savings balances for the first time, leading to a healthy surplus liquidity position at year end. This surplus is expected to reduce over the coming years as we use it to fund our planned mortgage book growth and to manage wholesale funding maturities.

I am particularly pleased to report that our online savings platform went live towards the end of the year, allowing both new and existing members to open new accounts with us, as well as to manage their existing accounts online if they so wish. This is the result of a significant investment in new technology by the Society, and we will

now move on to invest substantially in the technology supporting our mortgage application process, which will significantly improve the experience for our new borrowers. Many of you will also have seen the benefit of the investment we've made in modernising and improving our branch premises. I'm delighted that we've been able to bring these investments to fruition, notwithstanding the market headwinds around us.

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The economic prospects for the year ahead remain difficult to predict. It is unclear how long inflation will remain at its current elevated levels but there is expected to be considerable ongoing pressure on living costs which, combined with any increase in unemployment and further interest rate rises, could lead to mortgage repayment difficulties as well as to lower housing market activity and prices. However, your Society has repeatedly demonstrated its resilience in the past and I am more confident than ever that we are robustly positioned to navigate the challenges we may face.

Our Board

A number of changes to our Board have taken place during the year.

In terms of executive management, Darren Ditchburn joined the Society in January as Deputy Chief Executive, replacing former Operations Director, John Kelly. Darren has significant experience within the building society sector and is responsible for IT & Change, Customer Operations and the Branch Network. In November, Steve Clarke became the Society's Finance

Director following the resignation of Robert Broadbent. Steve also brings with him a wealth of relevant sector experience. Darren and Steve were co-opted onto the Board in June and November respectively following their regulatory approvals.

Following Richard Goddard's departure, Jane Kimberlin took over as Senior Independent Director in March. Jane has been a Non-Executive Director with the Society for more than six years and serves on our Risk, Remuneration and Nominations Committees.

Keith Abercromby, Non-Executive Director and Chair of the Society's Board Audit Committee, will step down from the Board in April 2023. Keith has played an important part in the embedding of the Society's strong audit framework and risk management culture and will be very greatly missed. We wish Keith all the very best for the future.

As part of our succession planning in anticipation of Keith Abercromby's departure, the Board initiated a recruitment process during 2022 to identify a new Non-Executive Director. Felicity Bambery, who brings extensive relevant experience, including as a senior partner in a tier one audit firm, was selected and was co-opted onto the Board in July. Felicity has since then been serving as a member of both the Board Audit Committee and Board Risk Committee and subject to regulatory approval, she will take over as Chair of the Audit Committee from April 2023 onwards.

Thank You

Against the difficult and uncertain backdrop I have outlined, we have again found the Society's resilience and spirit being tested; and once again, I'm proud to say that we have not been found wanting. I would like to record my thanks to my fellow Board members, the broader management team and to all my colleagues across the Society for your continued exceptional efforts to ensure Leek Building Society remains strong and successful. Well done on performing so admirably and with such character.

But most of all, I would like to say thank you to you, our members, for your exceptional support and loyalty which I assure you we never take for granted. As we proudly approach the milestone of 160 years of service to the communities in which we operate, I firmly believe that together we can look to the future with tremendous optimism. Meanwhile, I offer you my best wishes for your wellbeing throughout the year ahead.

Rachel Court
Chair
27 February 2023

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ANDREW HEALY

CHIEF EXECUTIVE

CHIEF EXECUTIVE'S REVIEW

As I look back on 2022, I am immensely proud that despite the challenging economic and market conditions which prevailed, the Society delivered robust financial results, strong risk management standards and high customer and staff satisfaction whilst continuing to invest for the long-term benefit of our members.

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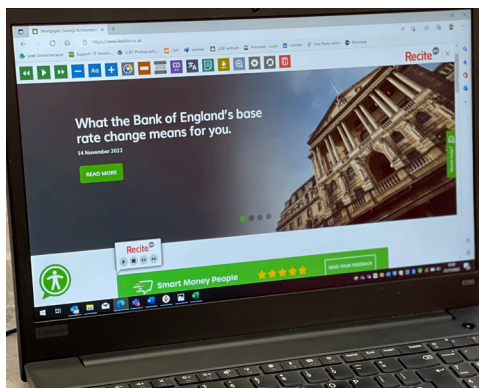
We entered the year with covid-19 still lingering, uncertain as to what lay ahead. Thankfully we have been able to restore a significant degree of normality, routine and predictability to our lives. However, the year was dominated by the cost-of-living

crisis which resulted in high inflation, rising interest rates and deteriorating economic conditions. It is all the more satisfying, therefore, that we have emerged even stronger than before.

Resilient Financial Performance

As set out in the Strategic Report which follows my review, the Society recorded a solid financial performance in 2022.

In terms of profitability, the year-on-year improvement was primarily due to increases in the Bank of England base rate and continued mortgage growth. We do not seek to maximise profits but it is





in the interest of the Society's long-term competitiveness and sustainability that sufficient profits are generated to maintain our strong capital position and financial resilience and to ensure there is ongoing investment in our business. The Strategic Report addresses how recent years have seen below historical average profit levels due to the ultra-low prevailing interest rate environment, industry margin compression and the impacts of the pandemic. The significant increases in base rate across the year improved the yield generated on our asset portfolios and helped to return the Society's profitability to the historical level required.

The Society's cost base increased against the prior year and whilst this partly reflects the challenging inflationary pressures, most of the increase was planned as we continued to invest in our business.

Rising interest rate environment – supporting our Members

As a mutual, what sets us apart is that we do not have shareholders, so we can – and do – look at everything from the perspective of how we can best support our members. The period between December 2021 and December 2022 saw nine increases in the Bank of England base rate as it rose from 0.25% to finish the year at 3.50%. As reported in our Chair's Statement, the

Society took a very fair and balanced approach to the rising interest rate environment and sought to pass as little as possible of these base rate increases on to mortgage borrowers whilst providing highly competitive fixed and variable rate products to saving members. We also continued to provide preferential loyalty products to existing savings members with higher rates of interest than those on offer to new customers.

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With further base rate increases expected during 2023, please be assured that we will continue to stick to these principles.

I would like to use this opportunity to remind members that on the Society's website, there are a range of helpful resources which include who to speak to if you are struggling with your mortgage repayments, tips on ways you may be able to reduce your bills and details of external agencies which offer free help and support.

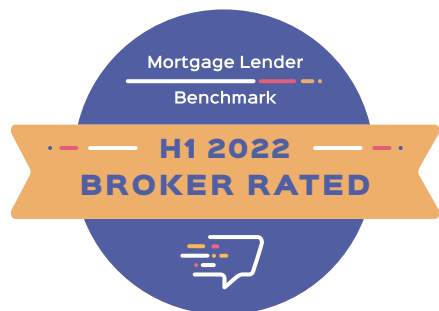
Mortgages

The Society's gross mortgage lending increased to £186m (2021: £174m) which contributed to our total mortgage book of £888m (2021: £869m). Net lending of £42m (2021: £14m) was achieved.

Our lending proposition remains focussed on providing a range of competitive fixed and discounted rate mortgages to owner occupiers and supporting First Time Buyers to take their first step on the housing ladder. In terms of Buy to Let landlords, we significantly enhanced our offering during the year by introducing both Holiday Let and Limited Company Buy to Let mortgage products.

I am pleased to report that our mortgage book continues to be of high quality with below industry average arrears levels. The number of mortgages that are in arrears by the equivalent of three or more monthly repayments totalled 8 accounts at 31 December 2022, representing just 0.11% of mortgage accounts (2021: 15 accounts, 0.21%). There were 2 cases in arrears of 12 months or more at 31 December 2022 (2021: 3 cases). While it is inevitable that the rising cost of living and higher interest rates will place pressure on borrowers moving forward, we believe our prudent lending policy, which includes robust affordability tests at the outset of our lending decisions, will provide a significant shield against these impacts.

A key component of our lending strategy is that we do not use automatic credit scoring to make our mortgage decisions. In line with our commitment to personal, flexible service that meets the needs of members, all mortgages are individually reviewed and underwritten by our experienced credit team. As an additional protection, all lending over 80% LTV at inception is covered by mortgage indemnity insurance against losses incurred if a property were to be taken into possession in the first seven years.



BEST BUILDING SOCIETY

Our commitment, competitiveness and high standards in the mortgage arena were recognised during the year. Smart Money People named the Society as the top-rated building society, and the joint highest financial institution, for mortgage broker satisfaction in its Mortgage Lender Benchmark Survey for the first half of 2022. In addition, the Society was Highly Commended in both the Best Variable Rate Mortgage Lender and Best Buy to Let Lender categories at the national Personal Finance Awards.





Savings

Savings balances continued to grow, with total balances at the end of 2022 of £1,011m (2021: £990m). This is the first time we have crossed the £1 billion threshold, a landmark achievement that demonstrates just how important our members are to our business.

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As referenced above, we ensure our existing members are rewarded with exclusive loyalty products which offer higher rates of interest than those available to new customers. In November, we launched our first online savings service, Leek Online, where members are now able to conveniently open and manage their accounts safely and securely online.

But of course, we know that online services are not for everyone and we remain deeply committed to our local high streets as evidenced by our ongoing investment in upgrading our branch network in order to continue to provide members with high quality face to face services and access to cash.

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As living costs rise, we recognise that it may be more difficult to set money aside but encouraging a savings habit remains a key focus for the Society. During the year, we launched a new regular saver account where members can save a small amount each month to help with those unexpected bills or special occasions.

Investment Programme – investing in the Society’s future

2022 saw the Society’s investment programme deliver a number of benefits for members.

As many financial institutions closed the doors of their branches, we continued to go against the grain by investing in our branch network. Following the refurbishment of our flagship branch at Leek Derby Street in 2021, we completed refurbishments in our Uttoxeter, Cheadle, Ashbourne and Leek St Edward Street branches. At the same time, we made a small change to the Society’s name whereby we dropped the word ‘United’ to become known as ‘Leek Building Society’. The timing of this change, which had its roots in research among existing

and prospective new members, avoided the additional costs that would have been incurred had we waited until the completion of our branch refurbishment programme to effect it.

The majority of member feedback in relation to the new, modern look and feel of our branches has been very positive and the Board has approved further investment in all remaining branches. We aim to complete our refurbishment programme during the first half of 2023, beginning with our branches in Market Drayton and Newcastle.

We also invested in the refurbishment of our Head Office environment for staff and members, whilst significantly enhancing accessibility. At the same time, we improved our environmental footprint by, for example, installing highly efficient LED lighting which will reduce our overall energy usage and carbon emissions.

We have been working hard to expand the services available to members and as stated above, we have launched Leek Online which enables members to manage their money safely and securely with increased convenience. This includes opening new savings accounts, viewing important information such as transactions and interest rates, and sending faster payments to a nominated bank account. Mortgage holders can also view information relating to their mortgage including outstanding balance, interest rate and transactions.

We are continuing to invest in our digital capabilities and the year ahead will see particular focus on our mortgage application process. Following a comprehensive supplier selection process, we have chosen an external, highly experienced technology partner to support us in delivering a best-in-class mortgage customer experience by the end of 2023.

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Our Service

In June 2022, we introduced a new way of collecting feedback on our service standards through an independent organisation which is widely recognised across the mutual sector, Smart Money People. I am proud to advise that all our key service measures were rated by members as strong and that our overall service score for 2022 was 98%, which compares favourably with peers. The Net Promoter Score, which is a widely used measure of whether people would recommend us to their family, friends and colleagues, was also very positive at 89.

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As mentioned earlier, the Society was rated by mortgage brokers as ‘Best Building Society’ in Smart Money People’s Mortgage Lender Benchmark Survey for the first half of 2022 where we were recognised for having friendly and helpful staff, flexible lending criteria, competitive products and for being easy to do business with.

We pride ourselves on delivering outstanding customer service and whilst we are extremely proud of these results, we are not resting on our laurels. We will continue to seek to improve customer experience across all mediums.

During 2023, the Financial Conduct Authority (FCA) will introduce a new Consumer Duty for financial services firms. The aim of the Duty is to increase the standard of consumer protection and drive a healthy and successful financial services system in which firms can thrive and consumers can make informed choices about financial products and services. As a member-owned institution, we place the customer at the heart of everything we do and we look forward to meeting these new principles whilst continuing to deliver good customer outcomes.

Member Engagement

We recognise the importance of communicating effectively with our members and acting on your feedback. During 2022, we used a range of methods to promote active participation and engagement with members, including our annual governance survey in April and regular real-time member feedback via the independent Smart Money People platform which, as mentioned above, was launched in June. Such feedback, whilst generally extremely positive, has always been carefully listened to and acted upon where appropriate.





There were consistent website updates throughout the year, including information to support members with the cost-of-living crisis. A member newsletter was issued to savings members in September which included details of such support as well as the Society's name change, investment in branches, the launch of online savings, an update on our charitable foundation and our latest savings interest rates. A second newsletter was issued to mortgage members in early 2023.

“During 2022, we used a range of methods to promote active participation and engagement with members, including our annual governance survey in April and regular real-time member feedback via the independent Smart Money People platform.”

In response to member feedback, we extended our branch opening hours to better align with demand at those branches which were refurbished during 2022 and we will continue to review our opening hours throughout 2023.

Our People & Culture

We fully recognise the pivotal importance of our people to our excellent customer

service, high risk management standards and immensely positive culture. An organisational structure is in place which supports the delivery of our strategic plan and this is augmented by appropriate succession planning and staff development.

A real strength of our Society is the extent to which business decisions are examined not only through the lens of our members but also from the perspective of our people and our values. This has helped to engender strong, well-evidenced progress in the culture of the Society and the morale of our staff. I am proud to report that our year-end staff survey indicated that more than 95% of staff believe the Society is run on strong values and principles, are proud to work for us and would recommend us as an employer of choice to others. Almost 100% of staff felt we showed the right level of care and compassion towards them in our handling of the cost-of-living crisis. We firmly believe that this positive culture, allied to our strong overall employee proposition, makes us one of the most attractive organisations to work for in our sector.

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Despite the extraordinary conditions within the employment market during 2022, our impressive culture has supported an enviable level of staff retention and has helped the recruitment of a number of new, high calibre people. Hybrid working has been an area of focus following the end of restrictions linked to the pandemic. We have taken a careful, measured approach to returning to the office with a number of testing phases to help inform our decisions and throughout this process, the preservation of our exceptional culture has been front of mind.

Substantial advances were also made with our employee proposition during the year, evidencing our deep ongoing commitment to staff welfare and to supporting our people. The introduction of funded health screenings has proven to be a greatly valued employee benefit. We also made improvements to remuneration which were appropriately cognisant of the challenges our staff faced due to the cost-of-living crisis.

Equality, diversity and inclusion (EDI) remains an important area of focus for the Society. As stated in the Board Nominations Committee report, we have developed a comprehensive strategy to make our Society more diverse, inclusive and reflective of the communities we serve. As part of this work, we have established a staff EDI Forum made up of a diverse range of colleagues from across the business.

The Society continues to be accredited by the Good Business Charter. This consists of ten components that link to responsible business behaviour including diversity and inclusion, real living wage, fair hours and contracts, employee well-being, employee representation, environmental responsibility, paying fair tax, commitment to customers, ethical sourcing, and prompt payment.



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Community

A key component of the Society's purpose is to be socially responsible and to make a positive difference to the local community. Despite the challenges of an unprecedented year, we continued to strongly support local community groups and charities and in total, over £100,000 was donated to such causes. This included funds generated by members through our affinity savings account range.

The key community highlight for the year was undoubtedly the launch of our Charitable Foundation in April. This has been set up to increase the scale and scope of our charitable giving and has already started to make a real impact locally. The Foundation's primary function is to provide grants of between £500 and £5,000 to local charities and community groups and in the months since its launch, more than £13,000 has already been donated to a number of worthy causes.



We also supported our local communities through staff using their paid volunteering days. Colleagues dedicated 95 days during the year to local initiatives ranging from landscaping community gardens to facilitating an industry day at a local school.

We went further with local sponsorships in 2022 than ever before. We developed partnerships with a broad range of local clubs and organisations that are fundamental pillars of our communities and which play an important role in the lives of local people.

Finally, I am delighted to advise that we have set a target to provide £500,000 over the next five years to charities and community groups through grants, donations and sponsorships.

The Environment

A further key measure of the extent to which we are socially responsible is of course our commitment to the environment. In 2022, we made significant progress with the development of our Environmental, Social and Governance (ESG) agenda, of which climate plays a key part, including aligning our approach to the United Nations sustainability goals. Details can be found in the ESG Report.

The Future

I have addressed above the very significant activities undertaken over the course of 2022 which underpin my conclusion that this was a strong and immensely proud year for the Society. The collective determination to deliver our business ambitions and to make a positive difference to the lives of our members, colleagues and the local community yielded some powerful outcomes which will undoubtedly support the organisation's long term success and sustainability.

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I am particularly proud of our people. We are now well recognised as an excellent, progressive and compassionate employer with a team of first class staff who really care about our members, the community and one another. This wonderful people

platform is central to everything we do. I would like to take this opportunity to most sincerely thank my colleagues at all levels for consistently living our organisation's values and for delivering, in testing circumstances, exceptional service whilst maintaining the highest standards of corporate governance, compliance and risk management.

"I am particularly proud of our people. We are now well recognised as an excellent, progressive and compassionate employer with a team of first class staff who really care about our members, the community and one another. This wonderful people platform is central to everything we do."

To our loyal members, thank you for your ongoing support and words of encouragement to myself and my colleagues. We will continue to be here for you and we will constantly seek to anticipate and meet your needs. This year sees the Society reach the terrific milestone of 160 years of service and I have no hesitation in saying that we are stronger and more committed than ever to supporting you.

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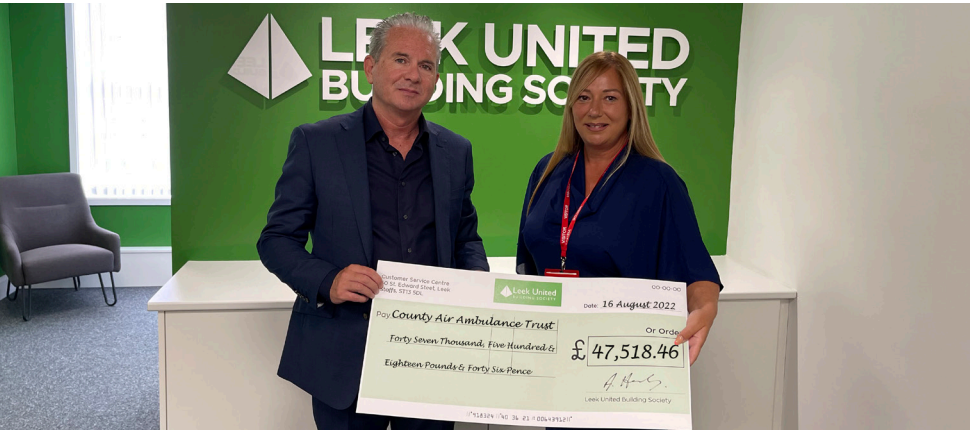
The economic and business outlook remains challenging and uncertain. The cost-of-living crisis has not gone away. However, as you will consistently see throughout the annual report, your Society has the financial resilience, culture and vision to tackle whatever headwinds come our way, just as we have done throughout our long history. I firmly share the view of our Chair and wider Board that as an unwaveringly proud member-focused organisation, a positive and successful future lies ahead for Leek Building Society.



Andrew Healy
Chief Executive
27 February 2023



OUR COMMUNITY SUPPORT



We donated over £47,000 to County Air Ambulance Trust thanks to our Affinity Account Members



We extended our partnerships with Leek Cricket Club (left) and Ashcombe Park Cricket Club



We became proud sponsors of Port Vale FC and headline sponsor of the Port Vale Foundation



Our community defibrillator programme saw more life-saving defibrillators installed throughout our heartland counties



We were delighted to build new partnerships with Leek Rugby Club (above) and Westwood Golf Club (below)



STRATEGIC REPORT

The purpose of this Strategic Report is to provide a fair, balanced and understandable review of the Society's progress against its strategy together with an assessment of the environment in which the Society operates and the principal risks faced by the Society. It should be read in conjunction with the Chair's Statement, Chief Executive's Review, Directors' Report and the Risk Management Report.

The Society's strategy is summarised pictorially below.



Our Values

Our values define how we behave, both as an organisation and individually. They provide the framework within which our actions can be judged and define the experience that everyone who comes into contact with the Society should perceive.

We have four values:

 <p>Members First</p> <p>We ensure our members are our key focus. We always strive to exceed their expectations. We ensure fair customer outcomes.</p>	 <p>Integrity</p> <p>We adhere strictly to the highest standards of conduct, risk management, ethics and honesty in all that we do.</p>	 <p>Collaboration</p> <p>We collaborate with our colleagues and external partners to deliver our purpose and to ensure we operate to the highest possible standards.</p>	 <p>Responsibility</p> <p>We understand our role within the organisation and we take individual responsibility not only for meeting our performance objectives but also for continuously improving our business. In terms of Environmental, Social and Governance responsibilities, we play our individual part in supporting the Society to achieve its goals.</p>
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Key Strategic Objectives

The Society's primary objective is the provision of mortgage finance for the purchase and improvement of residential property while funding such lending through a range of personal savings accounts. We also provide access to general insurance, life insurance and long term investments through a number of business partners.

As a mutual organisation, the Society has no shareholders and rather than focus on maximising profits, seeks to balance the requirement to offer competitive interest rates for savers and borrowers with ensuring sufficient profits are generated to maintain our strong capital position/financial resilience and to invest in our capability and infrastructure.

We continue to invest to ensure our propositions align with both existing and potential customer needs. Our ongoing investment programme aims to deliver improvements in the organisation's systems, processes and branch network, including a digital agenda which involves providing online solutions for our members and intermediary partners. As addressed in the Chair's Statement and Chief Executive's Review, during 2022 we introduced our online digital savings service, and the year ahead will see particular focus on our mortgage application process. At the same time, we are continuing to invest in

refurbishing our branch network, thereby improving the environment for members when they choose to visit us.

“As a mutual organisation, the Society has no shareholders and rather than focus on maximising profits, seeks to balance the requirement to offer competitive interest rates for savers and borrowers with ensuring sufficient profits are generated to maintain our strong capital position/financial resilience and to invest in our capability and infrastructure.”

Key Performance Indicators

The Society delivered robust financial performance in 2022 despite the prevailing challenging market conditions. The Board uses key performance indicators (KPIs) to monitor the development and performance of the Society and a number of these are included below together with explanatory comment in order to help provide a good understanding of the Society's performance and status.

		2022	2021
Balance Sheet	Total Assets	£1.24bn	£1.18bn
	Mortgage Balances	£888m	£869m
	Shares and Deposits	£1.01bn	£990m
Operating performance	Underlying Profit before Tax	£5.0m	£2.5m
	Profit before Tax	£9.6m	£3.6m
	Net Interest Margin	1.47%	1.12%
	Management Expenses Ratio	1.07%	0.94%
	Mortgage Arrears	0.11%	0.21%
Financial strength	Regulatory Capital	£75.4m	£70.2m
	Total Capital Ratio	18.4%	18.1%
	Liquid Assets	£308m	£298m

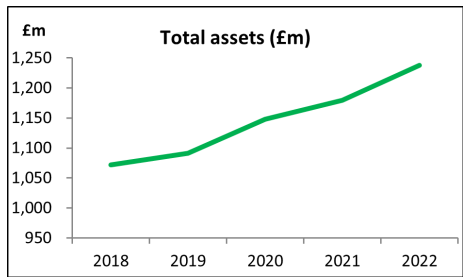
Measure	Explanation
Total Assets	The value of all assets in the Group balance sheet.
Mortgage Balances	The total amount owed to the Society for mortgages by customers.
Shares and Deposits	The total amount owed by the Society to shareholding members and depositors in respect of their account balances.
Underlying Profit before Tax	The surplus before tax achieved from trading activity during the financial year excluding fair value movements resulting from hedging risk management activity. As is common industry practice, the Society uses derivative instruments that are designed to hedge the financial risk associated with fixed rate mortgage lending. Any gains or losses arising from fair value movements reflect timing differences which do not affect the underlying cash flows. As a result, they are excluded from the Society's underlying profit or loss in the annual report. In the view of the Society's directors, underlying profit therefore represents a better measure to compare performance across accounting periods.
Profit before Tax	The surplus before tax achieved from trading activity during the financial year. This includes fair value movements in derivatives that are designed to hedge the financial risk associated with fixed rate mortgage lending.
Management Expenses Ratio	The aggregate of administrative expenses and depreciation as a percentage of the average total assets in the year.
Net Interest Margin	The net interest receivable by the Society as a percentage of the average total assets in the year.
Mortgage Arrears	The number of mortgage accounts which are in arrears by the equivalent of three or more monthly repayments.
Regulatory Capital	The Society's reserves and collective provisions net of any required deductions for regulatory purposes e.g. intangible assets. Retained profits are the highest quality of capital.
Total Capital Ratio	Regulatory capital expressed as a percentage of the Society's risk weighted assets (RWAs).
Liquid Assets	The total cash in hand, loans and advances to credit institutions and debt securities.

The Society prepares its results under Financial Reporting Standard (FRS) 102, "The Financial Reporting Standard applicable in the UK and Ireland" and elects to apply the measurement and recognition provisions of IAS39, "Financial Instruments: Recognition and Measurement".

Business Review

Total assets

The Society's assets continued their path of sustained growth, increasing by 5% from £1,179m at the end of 2021 to £1,238m at the end of 2022.



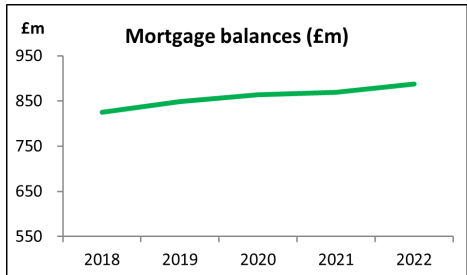
“The Society’s assets continued their path of sustained growth, increasing by 5% from £1,179m at the end of 2021 to £1,238m at the end of 2022.”

Mortgage balances

Total mortgage balances at the end of 2022 stood at £888m (2021: £869m) net of provisions, interest rate and fair value adjustments. Net lending of £42m was achieved (2021: £14m).

New lending amounted to £186m in 2022 (2021: £174m) reflecting a solid performance in challenging market conditions. Mortgage redemptions were £105m (2021: £121m).

The Society’s lending proposition remains focussed on providing a range of competitive mortgages to owner occupiers, First Time Buyers and Buy to Let landlords.



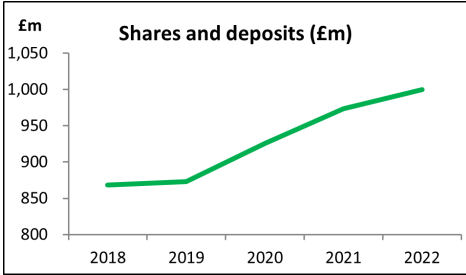
Shares and deposits

The Society continues to grow its savings base, with total balances at the end of 2022 of £1,011m (2021: £990m), exceeding £1 billion for the first time. The Society is, and will continue to be, primarily funded by individual retail savings (shares) via a range of competitive savings and ISA products. We also continue to reward our existing customers through preferential loyalty products.

“The Society is, and will continue to be, primarily funded by individual retail savings (shares) via a range of competitive savings and ISA products. We also continue to reward our existing customers through preferential loyalty products.”



As addressed in both the Chair’s Statement and Chief Executive’s Review, the Society has taken a fair and balanced approach to the rising interest rate environment and sought to pass as little as possible of the base rate increases during the year on to mortgage borrowers whilst providing highly competitive fixed and variable rate products to saving members and at the same time ensuring the Society’s financial resilience to protect against the deteriorating economic climate.



Underlying profit before tax

The Society recorded an underlying profit before tax of £5.0m, an increase from £2.5m in 2021. The improvement was primarily due to higher net interest margin as a result of increases in the Bank of England base rate and continued mortgage growth.

We do not seek to maximise profits but it is in the interest of the Society’s long-term competitiveness and sustainability that sufficient profits are generated to maintain our strong capital position/financial resilience and to ensure there is ongoing investment in our capability and infrastructure. It is particularly important to view this year’s underlying profit in the context of the surge in base rate from 0.25% in December 2021 to 3.50% at the end of 2022 and the fact that recent years have seen below historical average profit levels due to the ultra-low prevailing interest rate environment, margin compression across the financial services industry and the pandemic and its associated impacts. Absolute levels of profit should also increase gradually over time in line with growth in the Society’s asset base.

It is particularly important to view this year’s underlying profit in the context of the surge in base rate from 0.25% in December 2021 to 3.50% at the end of 2022 and the fact that recent years have seen below historical average profit levels due to the ultra-low prevailing interest rate environment, margin compression across the financial services industry and the pandemic and its associated impacts. Absolute levels of profit should also increase gradually over time in line with growth in the Society’s asset base.”

This is perhaps best illustrated in the table below which shows that the Society’s profit as a percentage of total assets in 2022 is in fact actually slightly lower than the average for the 5 year period 2012 – 2016.

	Average 2012-16	Average 2017-21	2022
Underlying Profit	£3.96m	£2.72m	£5.0m
Total assets	£877m	£1,106m	£1,238m
Underlying Profit as % of Total assets	0.45%	0.25%	0.40%

Therefore when reviewing underlying profitability over the long term, profit has in effect returned to somewhere near the historical level which is required for the Society to have the capacity to sustainably grow and invest, which is even more necessary in today’s competitive and ever-evolving marketplace.

Profit before tax

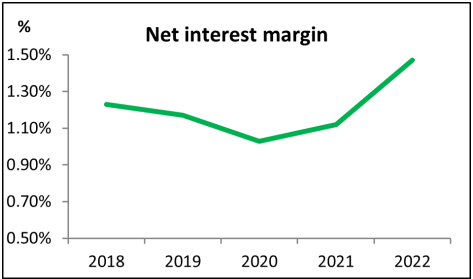
Profit before tax was £9.6m (2021: £3.6m) after accounting for fair value movements (gain of £4.6m; 2021 gain of £1.1m) in derivatives that are designed to hedge the financial risk associated with fixed rate mortgage lending and which could be a gain or loss in any given accounting period. While the use of such derivatives is common industry practice and a prudent method of risk management that has been used by the Society for many years, the following points are particularly noteworthy with respect to this year's results:

- The gain from fair value movements arises from how we reflect in any given year's financial accounts the approach to hedging risk management that we adopt relating to swaps that have not been matched against mortgages due to timing differences between the swaps being transacted and the associated mortgages completing. As stated, it is an industry practice which we have historically used, and will continue to use, but there has been a significant increase in the gain this year due to the exceptionally volatile interest rate environment which saw enormous market uncertainty and which fed through to fluctuating interest rate swap prices.
- The gain in 2022 is in line with the accounting standards we comply with but it essentially inflates the Society's profit this year relative to prior years. The gain will reverse over the next few years as the relevant mortgages mature, reducing profit in these years.
- Underlying profit excludes fair value movements in derivatives and in the view of the Society's directors, it therefore represents a more accurate reflection of trading performance as well as a better measure to compare performance across accounting periods.

Net interest margin

The Society's net interest margin increased during the year to 1.47% (2021: 1.12%). The significant increases in base rate from the Bank of England as it responded to

inflationary pressures in the UK economy improved the yield generated on our asset and derivative portfolios with a consequential benefit to net interest margin. The Society's balanced approach to base rate movements is well documented in this report and without this, the increase in net interest margin would have been higher. A robust governance process is in place which involves the Board overseeing this approach.

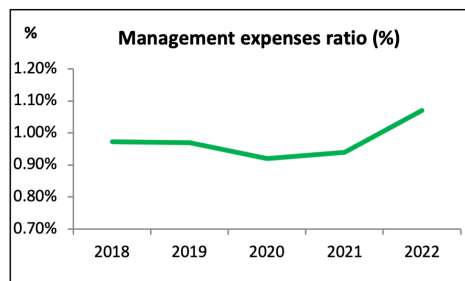


“The Society’s balanced approach to base rate movements is well documented in this report and without this, the increase in net interest margin would have been higher. A robust governance process is in place which involves the Board overseeing this approach.”

Management expenses ratio (%)

The management expenses ratio is a very simple measure of efficiency. It increased in 2022 to 1.07% (2021: 0.94%), with total costs increasing by £1.8m (18%) reflecting our investment programme's expenditure on technology systems and infrastructure, branch refurbishments and the impact of inflationary pressures on salaries and third party costs. As part of our strategy to be an employer of choice, we also provided colleagues with a cost of living payment to support their financial wellbeing.

The Society continues to be committed to achieving cost efficiency to sustain the required level of profitability to protect members' interests, though this must be carefully balanced with investing for the future to ensure we have the capacity and capability to compete and grow – which of course is also in the interest of our members.



“The Society continues to be committed to achieving cost efficiency to sustain the required level of profitability to protect members’ interests, though this must be carefully balanced with investing for the future to ensure we have the capacity and capability to compete and grow – which of course is also in the interest of our members.”

Mortgage arrears

The Society is committed to responsible lending. Our mortgage book remains of high quality, as evidenced by the low level of arrears. The number of mortgages in arrears by the equivalent of three or more monthly repayments totalled 8 accounts at 31 December 2022, representing 0.11% of mortgage accounts (2021: 15 accounts, 0.21%). There were 2 cases in arrears of 12 months or more at 31 December 2022 (2021: 3 cases).

In certain circumstances, we offer forbearance measures to support customers who are experiencing financial difficulty to help them to get back on their feet. We are extremely sensitive to the challenges the current economic environment poses for our members and on the Society's website, there are a range of helpful resources including who to speak to if they are struggling with their mortgage repayments, tips on ways to reduce bills and details of external agencies who offer free help and support.

An impairment allowance is held where appropriate and cases that do not have an individual impairment allowance are included within the collective impairment allowance. As in 2021, just one property was taken into possession during the year.

Specific consideration has been given to the risk of losses due to the deterioration of economic conditions as household finances are being stretched by increases in inflation and energy prices. At 31 December 2022, a post model adjustment of £0.4m was added to the Society's impairment allowance to reflect the risk of losses within our mortgage portfolio.

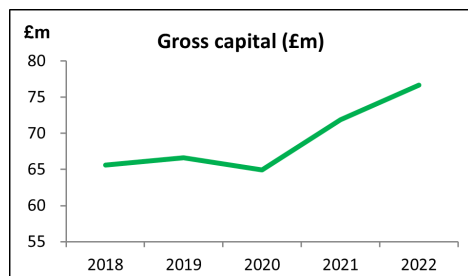
At the end of 2021, a provision of £0.2m was put in place to reflect the Society's possible exposure to a small cohort of properties within our portfolio with potentially dangerous cladding. As at the end of 2022, we were satisfied that the impairment risk to the Society was minimal, therefore this provision has been released.

Capital strength

The level of profit generated in 2022 has ensured that the Society's capital position remains robust, with reserves at 31 December 2022 of £76.8m (2021: £71.9m). This outturn predominantly reflects the impact of our profit for the year.

The ratio of gross capital as a percentage of total shares and borrowings was 6.6% at 31 December 2022 (2021: 6.5%) and the ratio of free capital as a percentage of total shares and borrowings was 6.2% (2021: 6.2%). Free capital is the total reserves and collective

loss provision less fixed assets. The core tier 1 ratio at year end stood at 18.3% (2021: 17.9%) and the leverage ratio stood at 6.8% (2021: 5.6%). Our strong capital position provides confidence that the Society can continue to grow and invest in the manner projected within our strategic plan.



The Society's policy is to maintain a strong capital base to sustain member, creditor and market confidence and to support the future development of the business. The Board manages the capital and risk exposure to ensure capital is maintained in line with regulatory requirements. Capital levels are subject to regular stress tests to ensure the Society maintains sufficient capital to protect itself against possible future events.

The capital resources of the Society are monitored by, and calculated in accordance with, the requirements of the Prudential Regulation Authority, consisting of:

- General Reserves, accumulated profit, Revaluation Reserves and Available for Sale Reserves, less prudent valuation adjustment and intangible assets representing Tier 1 Capital.
- Collective Mortgage Impairment Allowance representing Tier 2 Capital.

The Society's capital position has remained significantly above the relevant regulatory limits at all times.

Capital requirements are assessed in line with the Capital Requirements Directive (CRD). This framework governs the amount of capital required to be held to provide security for members and depositors. The Society seeks to ensure that it protects

members' savings by holding sufficient capital at all times. The minimum amount of capital the Society is required to hold is set by our regulators with reference to the amount of risk weighted assets the Society holds for credit risk, market risk and operational risk.

Capital disclosures	2022	2021
Total Reserves	£76.8m	£71.9m
Prudent Valuation adjustment	(£0.1m)	(£0.1m)
Intangible Assets	(£1.7m)	(£1.3m)
Tier 1 Capital	£74.9m	£69.6m
Tier 2 Capital – collective impairment allowance	£0.5m	£0.6m
Capital Resources	£75.4m	£70.2m
Risk Weighted Assets	£410.2m	£388.2m
Pillar 1 and 2A requirement	£37.3m	£37.5m
Core Tier 1 Ratio	18.3%	17.9%
Assets for leverage purposes	£1,099.7m	£1,192.9m
Leverage Ratio	6.8%	5.6%

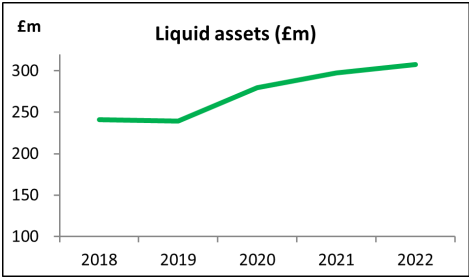
The Society is required to set out its capital position, risk exposures and risk assessment processes in the Pillar 3 disclosure document which can be found on our website.

Liquid assets

The Society continues to maintain strong and readily available levels of liquidity. Throughout the year, such levels were well in excess of regulatory requirements. As at the year end, total liquid assets stood at £308m (2021: £298m). The amount of liquidity repayable on demand was £164m (2021: £174m).

A key measure of liquidity introduced under the Capital Requirements Directive is the Liquidity Coverage Ratio (LCR). At 31 December 2022, the Society reported

an LCR of 283% (2021: 285%), significantly in excess of minimum regulatory requirements.



“The Society continues to maintain strong and readily available levels of liquidity. Throughout the year, such levels were well in excess of regulatory requirements.”

Future outlook and uncertainties

The Society’s Risk Management Report in the Annual Report and Accounts sets out in significant detail the principal risks and uncertainties faced by the Society with respect to the achievement of our strategic objectives, together with our comprehensive mitigating activities.

The economic prospects for the year ahead remain difficult to predict. It is unclear how long inflation will remain at

its current high levels but there is expected to be considerable ongoing pressure on living costs and there remains the risk that this, combined with potential increases in interest rates and unemployment, could lead to mortgage repayment difficulties as well as lower housing market activity and prices.

All of that said, I am more confident than ever that your Society remains robustly positioned to deal with any economic headwinds we may face.

The financial services market continues to see rapidly accelerating digital transformation and intense competition which notwithstanding our ongoing investment programme, increases the risk of the Society failing to retain existing members and to attract new members. Associated risks also include increasing pressure on margins, higher future costs to deliver the level of investment necessary to keep pace with technological developments and increased risk management costs.

A competitive market for savings and mortgages is positive for members and it remains our intention to at all times offer fair-priced savings and mortgage products, to provide a safe home for members’ savings, to lend responsibly and to support borrowers to achieve their housing aspirations. Whilst technological development is an ongoing area of focus, the Board remains fully committed to our branch network which will see further investment, as well as to promoting a savings




culture using fair and transparent products which offer good value in the short, medium and long term. We will continue to invest in enhancing the resilience of our technology, ensuring that our systems remain well placed to survive the challenges and risks posed by the modern world.

“A competitive market for savings and mortgages is positive for members and it remains our intention to at all times offer fair-priced savings and mortgage products, to provide a safe home for members’ savings, to lend responsibly and to support borrowers to achieve their housing aspirations. Whilst technological development is an ongoing area of focus, the Board remains fully committed to our branch network which will see further investment, as well as to promoting a savings culture using fair and transparent products which offer good value in the short, medium and long term. We will continue to invest in enhancing the resilience of our technology, ensuring that our systems remain well placed to survive the challenges and risks posed by the modern world.”

The Society has a proud history of resilience and prudent management in difficult market conditions and we do not intend to stray from our well-tested approach. As addressed under the Risk Management Report, all risks are monitored carefully through our Risk

Management Framework. In addition, we perform regular stress testing as part of our Internal Capital Adequacy Assessment Process (ICAAP) and Individual Liquidity Adequacy Assessment Process (ILAAP) regulatory assessments as well as our forward-looking corporate plan. Through these robust processes, we test a wide range of severe stresses across each of the Society’s principal risks. These include house price reductions, lower mortgage book quality, net interest margin compression, cost pressures, regulatory pressures, liquidity changes and operational events which are significantly more severe than current external economic projections. Such testing continues to demonstrate that the Society is sufficiently strong to withstand the impacts of these stresses which have been assessed as part of the Going Concern Statement.

In summary, the Board considers that despite the challenging market conditions that are likely to prevail in 2023, the Society remains robustly positioned to navigate through the economic, competitive and other headwinds it may face.



Rachel Court
Chair

27 February 2023

“The Board considers that despite the challenging market conditions that are likely to prevail in 2023, the Society remains robustly positioned to navigate through the economic, competitive and other headwinds it may face.”

WHAT OUR STAFF SAY

“The Society focuses heavily on our core values, personal development and reward and recognition and I always feel appreciated within my role.”

“I am proud to be part of an amazing team and fantastic organisation with our members at the heart of what we do.”

“The Society really prioritises my physical, mental and financial wellbeing.”

“I couldn't be more appreciative or prouder to work for Leek Building Society.”

“I am proud to work for Leek Building Society and get a great sense of achievement from helping our members on a daily basis.”

Over 90% of colleagues say:

- I'm proud to work for Leek Building Society.
- The Society's executive team provide strong leadership.
- The Society is handling the cost-of-living crisis compassionately.
- The organisation is run on strong values & principles.
- I would recommend the Society as an employer to friends and family.

PROUD OF OUR STAFF



Sue Matiaha completed her Chartered Institute of Management Accountants (CIMA) qualifications and is now a fully fledged accountant



Katie Swindell achieved the Prince 2 Practitioner qualification in Project Management



Emma Bogdanski championed a number of staff engagement initiatives during the year



Karen Brooks (left) reached the wonderful milestone of 25 years' service, as did Craig Milner (centre, right)



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

At the heart of the Society's purpose is to have an unflinching focus on being socially responsible and on making a positive difference to the lives of our members, employees and the local community. This purpose forms the bedrock of our approach to our Environmental, Social and Governance (ESG) responsibilities.

The United Nations (UN) has called on governments, businesses and others around the world to end extreme poverty, fight inequality and injustice, and limit climate

change through a range of sustainability development goals. We have worked with an expert third party to develop our ESG strategy which is based upon the below UN sustainability goals that are considered most relevant to our business model.

The Society has in place an ESG Steering Committee, chaired by the Chief Executive, to oversee the development and implementation of its ESG agenda. This committee provides regular updates to the Board.



Progress to date is summarised in the table below, with more detail following.

2020	2021	2022	2023	2027 & Beyond
<ul style="list-style-type: none">✓ Finance Director appointed responsible for climate risk✓ Climate Working Group established	<ul style="list-style-type: none">✓ Climate scenario analysis (physical and transition risk) undertaken✓ ICAAP updated for climate risk and scenario analysis✓ Qualitative risk appetite for climate risk set✓ Charitable Foundation announced✓ Accredited by Good Business Charter	<ul style="list-style-type: none">✓ ESG strategy approved by Board✓ Scope of Climate Working Group expanded to cover ESG. Becomes ESG Steering Committee.✓ Charitable Foundation launched✓ Green Ambition stated on website✓ 100% energy from renewable sources✓ Carbon footprint assessment✓ Launch of first Green Product (Holiday Let) with additional products planned✓ Risk Management Framework updated to cover ESG risks	<ul style="list-style-type: none">• Emissions reduction¹ & offsetting plans produced.• Baseline mortgage portfolio EPC rating and set target• Target of 45% senior management positions held by females• Complete branch & Head Office refurbishment with accessibility measures• Target 200 staff volunteering days	<ul style="list-style-type: none">• Target 0 net carbon position for scope 1 and 2 emissions• Net Zero by 2050 <div>CO₂e Assessed</div>

¹ Actions have already been taken that will reduce these emissions and will offset scope 1 and scope 2 emissions.

“At the heart of the Society’s purpose is to have an unflinching focus on being socially responsible and on making a positive difference to the lives of our members, employees and the local community. This purpose forms the bedrock of our approach to our Environmental, Social and Governance (ESG) responsibilities.”



Environmental

The financial services industry has an important part to play in the transition to a lower carbon economy and the Society has a responsibility to meaningfully contribute to the climate change and sustainability agenda. We are fully committed to achieving a net neutral carbon position by 2050. An updated assessment of our scope 1 and scope 2 emissions is currently being produced, from which we will build an emissions reduction plan. However, it is acknowledged that notwithstanding this emissions reduction activity, there will remain an element of unavoidable emissions. A robust carbon offsetting strategy will be followed to ensure the Society achieves its target net neutral carbon position.

We have an ongoing series of environmental actions:

- We have baselined our branch energy efficiency. All branches meet the current Minimum Energy Efficiency Standards (MEES) for letting which require the rating to be an E or better.
- We have installed modern, highly efficient LED lighting throughout our Head Office which will reduce the energy usage (and carbon emissions) related to lighting the building by approximately 90%. The same lighting is being deployed across the branch network as our refurbishment programme is being rolled out.
- We have employed a specialist waste management company to recycle waste from our Head Office and branch network.

“We have installed modern, highly efficient LED lighting throughout our Head Office which will reduce the energy usage (and carbon emissions) related to lighting the building by approximately 90%.”

- Our electricity supply contract ensures that energy production is from 100% renewable sources.
- Electric Vehicle charging points using renewable energy have been installed at our Head Office.
- We have established a financed emissions base-line for our mortgage portfolio.
- We have introduced our first green mortgage product, the Holiday Buy to Let product, and we will continue to develop green products, including further advances, which will support and incentivise customers to improve the energy efficiency of their homes and investment properties.
- As mentioned previously, our scope 1 and scope 2 emissions have been reviewed and an emissions reduction plan is being produced as well as further carbon offsetting measures.



In 2019, the Prudential Regulation Authority (PRA) published Supervisory Statement 3/19, “Enhancing banks’ and insurers’ approaches to managing the financial risks from climate change”. We have put the necessary governance in place to ensure there is appropriate oversight of the financial risks posed by climate change. Specifically, we have:

- Allocated responsibility to our Finance Director for assessing and reducing the environmental impact of the Society’s activities and for implementing governance arrangements to ensure climate change is well managed by the business.
- Allocated responsibility for climate risk and ensured that climate change risk is considered regularly by Executive Management, the Board Risk Committee and the Board.
- Updated the terms of reference for all relevant committees to ensure climate change is subject to proper oversight.
- Set a descriptive risk appetite for climate change risk. Further work will be undertaken in 2023 to add detailed

risk appetite measures and to report actual risk against this appetite.

- Established, as mentioned above, a financed emissions base-line for our mortgage portfolio and we are considering how best to achieve improvements in this important area.
- Commenced reporting to the Society’s Board on a quarterly basis on climate change and our broader ESG performance.

In 2021, the Society worked with an independent, expert third party to assess and model the physical and transitional risks associated with climate change on our mortgage assets. The results of this work demonstrated that even in a high emission scenario, the impact of climate change on the Society was not currently material. The report concluded that less than 1% of our mortgage assets were exposed to flood risk and the Board decided that no immediate changes to our lending activities were required.

The results of this independent review of our climate change risks has been factored

into the Society's Internal Capital Adequacy Assessment Process (ICAAP) and has been subject to detailed review by the Board Risk Committee and Board.

We further improved the sophistication of the scenario analysis in 2022 and we will continue to develop this analysis over the coming years as emerging trends develop, to ensure our business strategy remains aligned with the need to manage the financial risks arising from climate change.

Social

In line with our purpose, we are passionate about making a positive impact on society – our members, staff and the local community. A broad range of initiatives have been taken and are ongoing:

- As many financial institutions have been closing the doors of their branches, we are continuing to go against the grain by investing in our branch network. To date we have refurbished our Leek Derby Street, Leek St Edward Street, Uttoxeter, Cheadle and Ashbourne branches. We will complete our refurbishment programme during the first half of 2023, beginning with the refurbishment of our branches in Market Drayton and Newcastle.
- We have also been investing in the refurbishment of our Head Office to improve the environment for staff and members, whilst significantly enhancing accessibility. The Society has been accredited by the national Disability Confident Scheme.
- In addition to establishing a market-leading culture as evidenced by our extremely positive staff survey results, we have taken concerted measures to support the welfare of our employees. Mental health support is being provided by trained internal employees as well as through free access to external resources. Funded health screenings have been introduced for staff and we have

also effected improvements to their remuneration which were appropriately cognisant of the challenges they faced due to the cost-of-living crisis.

- Equality, diversity and inclusion (EDI) continues to be an important area of focus for the Society. We have developed a Board-approved strategy to make our organisation more diverse, inclusive and reflective of the communities we serve. As part of this work, we have established a staff EDI Forum made up of a diverse range of colleagues from across the business. We have subscribed to the Women in Finance Charter and a target has been set for 45% of senior management positions to be held by females by 2023. This representation improved from 33% to 43% during 2022.

“Equality, diversity and inclusion (EDI) continues to be an important area of focus for the Society. We have developed a Board-approved strategy to make our organisation more diverse, inclusive and reflective of the communities we serve.”

- The Society is accredited by the Good Business Charter. This consists of ten components that link to responsible business behaviour including diversity and inclusion, real living wage, fair hours and contracts, employee well-being, employee representation, environmental responsibility, paying fair tax, commitment to customers, ethical sourcing, and prompt payment.
- During 2022, we continued to support local community groups and charities and in total, over £100,000 was contributed to such causes. This included funds donated by members

through our affinity savings account range. Our Charitable Foundation commenced during the year to increase the scale and scope of our charitable giving and it has already started to make a positive impact. In addition, we increased the range of sponsorships of local clubs and community organisations we supported.

- Staff volunteering to support local community groups and causes also increased, with 95 days of such volunteering in 2022.
- We have set an ambitious target to provide £500,000 over the next 5 years to charities and community groups through grants, donations, and sponsorships.

Governance

The Board's Corporate Governance report is set out in the Annual Report and Accounts.

As stated above, the Society has in place an ESG Steering Committee, chaired by the

Chief Executive, to oversee the development and implementation of its ESG agenda. This committee provides regular updates to the Board.



Steve Clarke
Finance Director
27 February 2023

“Our Charitable Foundation commenced during the year to increase the scale and scope of our charitable giving and it has already started to make a positive impact. In addition, we increased the range of sponsorships of local clubs and community organisations we supported.”



WHAT OUR MEMBERS SAY

“

Customer Service is outstanding. The society has a great reputation across the financial services sector.”

“

Great customer service, great refurbishment, great products.”

“

The staff are friendly and knowledgeable. Communications are great, always plenty of notice with jargon-free letters.”

”

“

The new layout is lovely. The staff are so nice and deliver a fantastic service with great values.”

”

“

Great friendly staff that are always happy to help.”

”

Overall
customer
satisfaction
rating
98%



CHARITABLE FOUNDATION



Our new Foundation got up and running during the year and is already making a really positive difference to local community organisations and charities.

More than
£3,200 was
raised for the
Foundation
through the
Society's
2022 AGM





DIRECTORS' REMUNERATION REPORT

The purpose of the Directors' Remuneration Report is to provide details of the basic salary, variable pay and benefits earned by Directors. It includes the key disclosure requirements of the UK Corporate Governance Code and complies with the FCA Remuneration Code. The Board is committed to best practice in its Remuneration Policy for Directors and in the interests of transparency, this report will be the subject of an advisory vote at this year's Annual General Meeting.

The Directors' remuneration for the year is as follows:

Individual Directors' Emoluments

	2022				
	Salary/ Fees	Benefits /Other (iii) (iv)	Sub Total	Pensions	Total
	£000's	£000's	£000's	£000's	£000's
Non-Executive Directors (NEDs)					
Rachel Court	52	1	53	-	53
John Leveson	34	1	35	-	35
Keith Abercromby	36	-	36	-	36
Jane Kimberlin	33	1	34	-	34
Dave Cheeseman (from 29/04/21)	35	1	36	-	36
Felicity Bambery (from 27/07/22)	12	-	12	-	12
Richard Goddard (i)	10	-	10	-	10
Executive Directors					
Andrew Healy (ii)	265	18	283	34	317
Darren Ditchburn (from 30/06/22) (v)	82	5	87	6	93
Steve Clarke (from 30/11/22)	12	1	13	1	14
Andrew Davies (from 30/09/21) (v)	144	10	154	22	176
Robert Broadbent (vi)	111	11	122	17	139
John Kelly (vii)	82	3	85	6	91
	908	52	960	86	1,046

2021

Salary/ Fees	Benefits /Other (iii) (iv)	Sub Total	Pensions	Total
£000's	£000's	£000's	£000's	£000's
49	-	49	-	49
32	-	32	-	32
34	-	34	-	34
27	-	27	-	27
18	1	19	-	19
-	-	-	-	-
39	-	39	-	39
216	17	233	32	265
-	-	-	-	-
-	-	-	-	-
36	3	39	5	44
131	13	144	19	163
149	13	162	22	184
731	47	778	78	856

- (i) Richard Goddard left the Society on 31 March 2022.
- (ii) Andrew Healy voluntarily reduced his salary in 2020 in consideration of the impact of the Covid-19 pandemic. His salary was restored to its original level in 2021. The Board Remuneration Committee unanimously agreed that Andrew's exceptionally strong leadership and performance during 2021, and indeed throughout the pandemic, merited an increase in remuneration to reflect market norms and the increases applied to other staff. Andrew declined the Committee's offer in 2021 to increase his remuneration and the Committee agreed to respect his decision. In 2022, Andrew Healy's salary was increased following detailed benchmarking by the Remuneration Committee of data from peer organisations and subsequently in line with the 4% increase given to higher earning members of staff.
- (iii) The Executive Directors, including the Chief Executive, waived their bonus/gratuity payment entitlement in 2021. No bonus scheme operated for executives in 2022, however, taking account of the exceptional impacts of the cost of living crisis, the Committee approved a one-off payment to all staff of £1,600. This was paid to the Executive Directors, though the Chief Executive chose to waive his entitlement to this payment.
- (iv) In addition to the cost of living payment noted in (iii), the Executive remuneration included in the 'benefits/other' column above relates to the provision of a car allowance and private medical insurance.
- (v) Andrew Davies and Darren Ditchburn received the same 4% increase to their basic salary in 2022 that was given to higher earning members of staff.
- (vi) Robert Broadbent left the Society on 5 November 2022.
- (vii) John Kelly left the Society on 31 March 2022.

Loans to Directors

A register containing details of loans and transactions between the Society and its Directors, or persons connected with Directors, is available for inspection by members at the Society's principal office in the period of fifteen days prior to the Society's Annual General Meeting on 26 April 2023. The total loans outstanding at 31 December 2022, in respect of 1 person (2021: 2 people) amounted to £219k (2021: £596k).

Chair and Non-Executive Fees

Non-Executive Directors receive fees for the provision of their services, including additional fees for the chairing of the Board and Board committees. They do not have service contracts and do not receive any other benefits, bonus or pension entitlement. Relevant expenses are reimbursed and are included within the 'benefits/other' column shown in the above table.

Fees are set to reflect the time commitment and responsibilities of the roles. The fees payable to the Chair of the Board are determined by the Board Remuneration Committee. The Chair of the Board is a member of the Board 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 and expenses payable to all other Non-Executive Directors, including additional fees for the chairing of committees and acting as Senior Independent Director, are recommended by the Board Remuneration Committee for approval by the Chair of the Board and Executive Directors.

Fees are reviewed annually and if any recommended increase is more than the annual percentage increase payable to all staff, a clear rationale for the additional increase together with supporting market data must be provided. This review also takes into consideration the principles underpinning the annual Society staff salary review. As reported under the Board Remuneration Committee Report, the Chair and Non-Executive Directors received a 4%

increase in their fees which aligned with the same increase to higher earning staff across the Society.

Executive Directors' Remuneration

The policy for Executive Director remuneration is included as part of the overarching Remuneration Policy. Executive remuneration is aligned to the Society's purpose and values and is clearly linked to the successful delivery of the Society's long-term strategy. The main elements of each Executive Director's remuneration package are basic salary, pension benefits, private medical insurance and car allowance.

As reported under the Board Remuneration Committee Report, the salaries of the Deputy Chief Executive and Chief Risk Officer were increased in 2022 in line with increases applied to other staff within the Society. As noted above in footnote (ii) to the table of individual directors' emoluments, the Chief Executive declined the Remuneration Committee's offer to increase his remuneration in 2021. In 2022, the Chief Executive's salary was realigned following a detailed benchmarking exercise undertaken by the Remuneration Committee which was predominantly informed by the 2021 accounts of peer organisations and which also reflected his consistently strong leadership and performance. Given that the data used was from the previous year, the Remuneration Committee agreed to also apply a 4% increase to the realigned figure in line with other higher earning staff within the Society.

No bonus scheme operated for executives in 2022. However, taking account of the exceptional impacts of the cost of living crisis, the Committee approved a one-off payment to all staff of £1,600. This was also paid to the Executive Directors, though the Chief Executive chose to waive his entitlement to this payment.

Of the Executive Directors' remuneration packages, only basic salary is pensionable. As at 31 December 2022, the Chief Executive,

Deputy Chief Executive, Finance Director and Chief Risk Officer are members of the Society's defined contribution pension scheme.

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.

Reward and Incentives

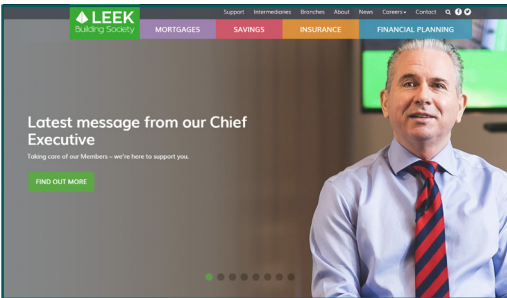
The Society's remuneration schemes and policies enable the Board Remuneration Committee to override formulaic outcomes to any element of performance-related pay. However, as was the case in 2021, no formulaic schemes were in place during 2022. The Board Remuneration Committee did not appoint any external consultants during 2022.



John Leveson
Chair of the Board
Remuneration Committee
27 February 2023



ENGAGING WITH MEMBERS & ACTING ON YOUR FEEDBACK



Throughout 2022, our CEO kept members informed with regular website updates

Leek News

Members' Newsletter - September 2022

Providing the human touch for 160 years

Dear Member,

The pandemic highlighted the importance of digital services but in Leek United we remain passionate about the difference people make to our business and to our local community. So as a multitude of financial institutions close their doors, our branches, we went against the grain - and we're investing in our branches, refurbishing them and extending our on the ground community support through the services we provide through our new charitable foundation.

But more than anything what sets us apart as a mutual is that we don't just exist to make money. We can find satisfaction in the way we do it, how we can best support our members. With the cost of living crisis deepening, this makes technology important. For example, our digital home loans are confined to rise over the course of this year, we've supported members by increasing our savings rates four times while on the other hand, we haven't looked at the full job of increases to those mortgage customers on variable rates.

If you're experiencing difficulties with the cost of living, please have a look on the website where you'll find information ranging from how to speak to a group of struggling with your mortgage repayments to helpful tips on ways you may be able to reduce your bill, as well as details of external agencies who offer free help and support.

We're extremely proud of the fact that 95% of our members are satisfied with their experience of our Society but we're not resting on our laurels. As we approach the wonderful milestone of 160 years of service, we're stronger and more committed than ever to supporting our members and we're investing and appropriately modernising our business to ensure we're around for another 160 years. More than anything, you can be assured that our friendly, personal, human touch is here to stay.

Andrew

Investing in our branches

Following our recent refurbishments in Unthanker and on the new Ardabridge branch is currently closing for a makeover. Please drop in to say hello when we're open on Monday. To arrange a time take a look at the magnificent new branch.

But we're not stopping there - next up is our branch on the old Central Street which will be up and running at the end of the year before we move on to our remaining branches next year.

LEAK UNITED

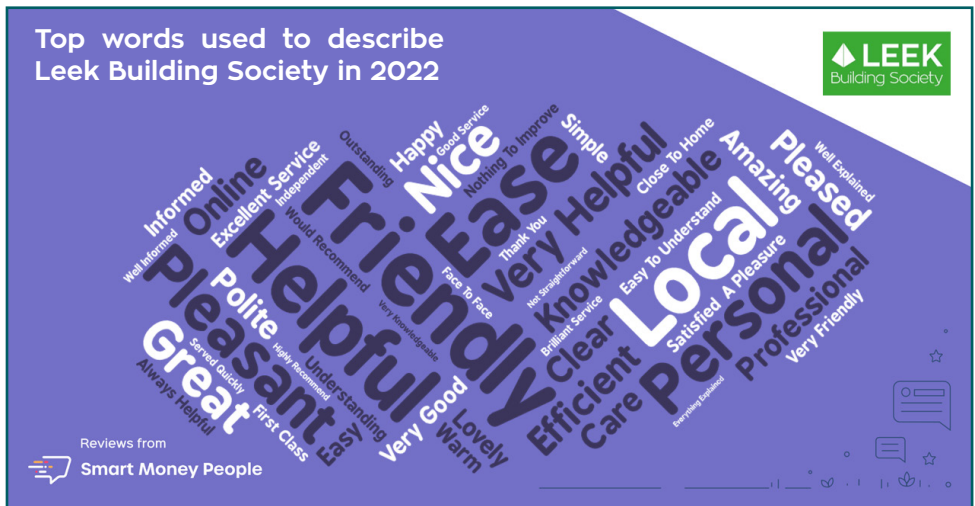
Help Unthanker

Subtle name change, same great values

From 1 October, you might notice a small change to our name as we drop the word 'United' and become 'Leek Building Society'. We're done lots of research into this. It's not just about the name, the friendly service we provide, our branch presence and our financial strength, which is what makes us do, is another number of existing members and potential new members feel there was scope to make a subtle change to our name to modernise it and at the same time remove the confusion that can arise where the word 'United' can make us sound like a profit bank.

While we will make this tweak from the start of October, everything else we remain the same. We still will be your friendly united with you and our community!

Our first member newsletter was issued to savings members in 2022, with a second following for mortgage holders in early 2023



Putting our members first has been our key focus for 160 years. That's why we teamed up with the UK's leading review site for Financial Services, Smart Money People, to help us gather your valuable feedback on the products and services you receive from us



You Said...	We Did...
Maintain Communications & Member Engagement	<p>During 2022, we used a range of methods to promote active participation and engagement with members including our annual member survey in April and regular real-time member feedback via the independent Smart Money People platform which was launched in June. Such feedback, whilst generally positive, has always been carefully listened to and acted upon where appropriate. There were consistent website updates, including information to support members with the cost-of-living crisis. A member newsletter was issued to savings members in September which included an introductory message from the CEO and details of cost-of-living support, the Society's name change, investment in branches, the launch of online savings, an update on our charitable foundation and our latest savings interest rates. A second newsletter was issued to mortgage members in early 2023.</p>
Longer Branch Opening Hours	<p>We extended our branch opening hours to better align with demand at those branches which were refurbished during 2022. We will continue to review our branch opening hours throughout 2023.</p>
Higher Savings Interest Rates	<p>We increased our savings rates throughout 2022. We took a very fair and balanced approach to the rising interest rate environment and sought to pass as little as possible of the Bank of England base rate increases on to mortgage borrowers whilst providing highly competitive fixed and variable rate products to savings members. We also continued to provide preferential loyalty products to existing savings members with higher rates of interest than those on offer to new customers.</p>
Improved Online Services	<p>In November, we launched our first online service, Leek Online, which enables members to manage their money safely and securely with increased convenience. This includes opening new savings accounts, viewing important information such as transactions and interest rates, and sending faster payments to a nominated bank account. Mortgage members can also view important information relating to their mortgage including outstanding balance, interest rate payable and payments.</p>

SUMMARY FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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 Building Society or can be downloaded from www.leekbs.co.uk from 28 March 2023.

Summary Statement

Group results for the Year

	2022 £000s	2021 £000s
Interest receivable	27,899	17,533
Interest payable	(10,082)	(4,507)
Net interest receivable	17,817	13,026
Other income and charges	26	308
Net gain/(loss) from derivative financial instruments	4,566	1,075
Administrative expenses and depreciation	(12,887)	(10,935)
Net finance credit on pension scheme	20	(13)
Impairment credit/(charge) on loans and advances to customers	52	106
Provisions - Financial Services Compensation Scheme levy	-	-
Profit for the year before taxation	9,594	3,567
Taxation	(1,860)	(384)
Profit for the year	7,734	3,183

Financial position at the end of the year

Assets

	2022 £000s	2021 £000s
Liquid assets	307,851	297,725
Loans and advances to customers	888,085	869,274
Fixed and other assets	42,413	11,036
Net pension asset	-	1,119
Total assets	1,238,349	1,179,154

Liabilities

Shares	999,470	973,618
Amounts owed to credit institutions	144,398	115,088
Amounts owed to other customers	11,633	16,088
Other liabilities	3,914	2,476
Net pension liabilities	2,175	-
General Reserve	76,117	70,869
Available for Sale Reserve	(346)	31
Revaluation Reserve	988	984
Total liabilities	1,238,349	1,179,154

Summary of key financial ratios

	2022 %	2021 %
1. Gross capital as a percentage of shares and borrowings	6.64	6.51
2. Liquid assets as a percentage of shares and borrowings	26.64	26.95
3. Profit on ordinary activities after taxation as a percentage of year end total assets	0.64	0.27
4. Management expenses as a percentage of mean total assets	1.07	0.94

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.

Approved by the Board of Directors on 27 February 2023.


Rachel Court
Chair


Andrew Healy
Chief Executive


Steve Clarke
Finance Director

INDEPENDENT AUDITOR'S STATEMENT

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 2022 set out on pages 46 to 47

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 2022 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 2022, 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 2022.

We also read the other information contained in the Leek United Building Society 2022 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 Leek United Building Society 2022 Business Review and Summary Financial Statement, in accordance with applicable United Kingdom law.

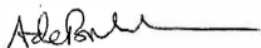
Auditor's responsibilities

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Leek United Building Society 2022 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.



**Alain de Braekeleer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

27 February 2023

Building society unveiled as Vale sponsor

Partnership with Football League club draws on commitment to the local community

By Les Jackson

LEAK Building Society has launched a new partnership with the Football League club, the Vale, as part of its commitment to the local community.

The three partnership partners are the Vale, the Football League and the Football Association.

The Vale, the Football League and the Football Association are all committed to the local community and the Vale is a member of the Football League.

The Vale is a member of the Football League and the Football Association.



Andrew Hoyle, chief executive of Leek Building Society, said: "We are delighted to announce this partnership with the Vale, the Football League and the Football Association. This is a great opportunity for us to support the local community and the Vale is a member of the Football League."

The Vale is a member of the Football League and the Football Association.

Name change for building society

A BUILDING society, which has been in existence for over 100 years, is set to change its name to Leek United Building Society.

The society, which was founded in 1874, is one of the oldest in the country. It has a long history of providing financial services to the local community.

The society's name change is part of a wider rebranding exercise. The society's new name, Leek United Building Society, reflects its commitment to the local community and its role in supporting the local economy.

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Customers are invited to 'pop in' and see new-look branch office

By Gareth Butterfield

ADDITIONAL Leek United Building Society branches have opened following a successful launch of the new-look branch office.

The new-look branch office is a modern, bright and welcoming space. It features a range of services, including mortgage advice, personal finance and business finance.

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Grants of up to £5k offered by society's new foundation

Leek United set up charitable scheme to help organisations across the Midlands

By Les Jackson

A LEAK United Building Society has set up a charitable scheme to help organisations across the Midlands.

The scheme, which is run by the Leek United Building Society Foundation, offers grants of up to £5,000 to organisations that are working to improve the lives of people in the Midlands.

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Social supermarket to open in town after Building Society grant

A SOCIAL supermarket is planned to open in Leek town after a grant from the Leek United Building Society Foundation.

The supermarket, which is run by the Leek United Building Society Foundation, will offer a range of products, including fresh produce, meat and fish.

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Rob Longmore - HR director at Leek United Building Society along with Graham Wilshaw, Colin Bees, Amanda Beach and Sam Thomas, all from The Green Tree House.

INFORMATION RELATING TO DIRECTORS AS AT 31 DECEMBER 2022

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
 Felicity Bambery BA, FCA 08/07/1976	Non-Executive Director	27/07/2022	None
 Dave Cheeseman BSc, FIA 01/10/1968	Non-Executive Director	29/04/2021	Holloway Friendly Society Limited Amber River Group
 Steve Clarke BA, ACMA 27/11/1976	Building Society Finance Director	30/11/2022	None
 Rachel Court JP, BA Oxon 27/06/1966	Non-Executive Director	26/11/2014	Invesco Pensions Ltd Invesco UK Ltd Invesco Asset Management Ltd Leek United Home Loans Ltd Leek United Financial Services Ltd
 Andrew Davies 03/08/1967	Building Society Chief Risk Officer	29/09/2021	None
 Darren Ditchburn MSc, AdvCeMAP 25/03/1986	Building Society Deputy Chief Executive	30/06/2022	Leek United Home Loans Ltd Leek United Financial Services Ltd
 Andrew Healy MoB, BSc, Chartered FCIPD 10/11/1966	Building Society Chief Executive	17/12/2018	Leek United Home Loans Ltd Leek United Financial Services Ltd
 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

Documents may be served on the above-named Directors c/o Bowcock and Pursail, P.O. Box No.1, 54 St Edward Street, Leek, Staffordshire, ST13 5DJ.

Registered Principal Office

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

t: 0800 093 0004

Registered No.

323B

Directors

Keith Abercromby BSc, FIA
Felicity Bambery BA, FCA
Dave Cheeseman BSc, FIA
Steve Clarke BA, ACMA
Rachel Court JP, BA Oxon
Andrew Davies
Darren Ditchburn MSc, AdvCeMAP
Andrew Healy MoB, BSc, Chartered FCIPD
Jane Kimberlin BA
John Leveson MBA, FCIB

Chair

Rachel Court JP, BA Oxon

Chief Executive

Andrew Healy MoB, BSc, Chartered FCIPD

Internal Auditor

Deloitte LLP
Four Brindley Place
Birmingham
B1 2HZ

Independent Auditor

KPMG LLP
1 Sovereign Square
Sovereign Square
Leeds
LS1 4DA

2023 NOTICE OF ANNUAL GENERAL MEETING & VOTING DETAILS



Message from the Chair

Dear Member,

Our 160th Annual General Meeting (AGM) is your opportunity to influence how your Society is run. You can hear about your Society's performance, ask questions and, most importantly, use your voting rights.

At the front of this booklet, you'll find our 2022 Business Review and Summary Financial Statement.

This year's meeting will be held at our Head Office on St Edward Street, Leek. You can find out more information about the AGM on our website at leekbs.co.uk/agm.

You do not need to attend the AGM in person to be able to vote. Most members already vote online or by post before the AGM. All the details of how you can vote are below.

Ways to vote

There are three ways to vote:

- 01 ONLINE:**
Go to leekbs.co.uk/agm. Online voting is available until noon on 22 April 2023. You'll need your user ID and password which you can find at the top of your proxy voting form which is enclosed.
- 02 BY POST:**
You can fill in the proxy voting form and return it to us in the prepaid envelope provided. The closing date for receipt of votes is noon on 22 April 2023.
- 03 IN PERSON AT THE AGM:**
Information about how you can vote at the meeting can be found in the voting conditions and notes on voting on your proxy voting form.



By voting, you can contribute to how your Society is run. Whether you vote online or by post, 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.

You can help local charities and community organisations

We are proud to have established the Leek Building Society Charitable Foundation which provides a focal point for our fundraising and charitable giving. This foundation will help hundreds of local community organisations and charities and by voting this year, you can play your part in supporting our efforts. For every online vote received, we will donate 50 pence to the foundation and for every vote received by post, we will donate 20 pence.

On behalf of everyone in Leek Building Society, I would like to sincerely thank you for your continued support in 2022.

Yours sincerely,

Rachel Court
Chair

Notice of Annual General Meeting 2023

160th Annual General Meeting of the Members of Leek Building Society.

Notice is hereby given that the 160th Annual General Meeting of Leek Building Society will be held at 12 noon on Wednesday, 26 April 2023 at Head Office, Leek Building Society, 50 St Edward Street, Leek, Staffordshire, ST13 5DL for the following purposes:

Ordinary Resolutions

To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

1. To receive the 2022 Annual Report and Accounts for the financial year ended 31 December 2022.
2. To appoint PWC as External Auditor until the conclusion of the next AGM.
3. To approve the Directors' Remuneration Report for the financial year ended 31 December 2022.

Election/Re-election of Directors

4. To consider and, if thought fit, to elect/re-elect the following Directors:
 - a) To elect Felicity Bambery
 - b) To elect Steve Clarke
 - c) To elect Darren Ditchburn
 - d) To re-elect Dave Cheeseman
 - e) To re-elect Rachel Court
 - f) To re-elect Andrew Davies
 - g) To re-elect Andrew Healy
 - h) To re-elect Jane Kimberlin
 - i) To re-elect John Leveson

By order of the Board of Directors.



Claire McCarthy
Head of Compliance & Secretariat
28 March 2023

Directors standing for election

Felicity Bambery BA, FCA

Independent Non-Executive Director since July 2022.

Skills and Experience

Felicity is an audit and assurance professional who has specialised in financial services for over 25 years. She is a chartered accountant and accredited controls assurance provider who during her executive career has worked with building societies, banks, investment managers, custodians, administrators and pension schemes.

Immediately prior to taking up her role with the Society, Felicity was a partner in a global professional services firm and led numerous external and internal audit and controls assurance engagements, governance and regulatory reviews. She has also acted as the Head of Internal Audit for organisations and held a number of roles on committees for industry bodies. Felicity led a national team and her responsibilities included business and people development, risk and quality and relationship management.

Felicity was co-opted onto the Board in July 2022 and is a member of both the Board Risk Committee and Board Audit Committee.



Current External Positions

- None.

Directors standing for election

Steve Clarke BA, ACMA

Finance Director and Executive Director since November 2022.

Skills and Experience

A Chartered Accountant for almost 20 years, Steve has more than 12 years of experience in the Building Society sector as well as significant experience in broader financial services.

Steve is responsible for managing the Society's capital, funding and liquidity positions. Central to his role is ensuring the integrity of financial and regulatory reporting whilst ensuring the Society operates an effective stress testing framework. Steve also holds executive responsibility for managing the Society's exposure to the financial risks associated with climate change and for championing the overall ESG agenda.

Steve is a member of the Executive Committee, Asset and Liability Committee, Pricing Forum, All Risks Committee, Credit Risk Forum and the Change Programme Steering Committee



Current External Positions

- None.

Directors standing for election

Darren Ditchburn MSc, AdvCeMAP

Deputy Chief Executive and Executive Director since January 2022.

Skills and Experience

Darren has significant experience in the financial services sector having spent 18 years at another building society before joining Leek Building Society, including 9 years at Executive level. He started his career on the branch counter and went on to undertake various roles in business development, operations and marketing culminating in the role of Chief Customer Officer where he was responsible for branches, mortgage advice and intermediaries as well as digital and product proposition. Darren successfully led a number of key strategic initiatives which included the launch and integration of the organisation's first digital channels.

After completing a number of professional qualifications through the ifs School of Finance, Darren obtained a Masters Degree in Leadership and Management at Loughborough University (in conjunction with the Building Societies Association). He is passionate about the mutual model and prides himself on championing the voice of members.

Darren took up duty as Leek Building Society's Deputy Chief Executive in January 2022 with overall responsibility for the Branch Network, IT and Change and Customer Operations which includes the Society's savings, mortgage, and administration support teams. His remit includes developing the IT, digital, operations, branch, and customer service strategy in alignment with the Society's corporate plan.



Darren chairs the Conduct and Product Forum. He is also a member of the Executive Committee, All Risks Committee, Credit Risk Forum, Asset and Liability Committee, Pricing Forum and the Change Programme Steering Committee.

Current External Positions

- None.

Directors standing for re-election

Dave Cheeseman BSc, FIA

Independent Non-Executive Director since April 2021.

Skills and Experience

Dave is an actuary with over 30 years' experience in financial services within the UK and overseas including life insurance, pensions and investment platforms. He has served as a Director of various regulated companies in the sector over the last 14 years, including Phoenix Life, Abbey Life, SunLife, AXA Isle Of Man and AXA Wealth.

During his executive career, Dave has held a wide range of roles including Finance Director, Strategy Director and Chief Operations Officer. He was responsible for running large finance and operational teams and for driving commercial growth and strategic change across organisations.

Dave was co-opted onto the Board in April 2021. Dave chairs the Board Risk Committee and is a member of the Board Audit Committee and the Board Nominations Committee.



Current External Positions

Dave currently holds the following external appointments:

- Independent Non-Executive Director at Holloway Friendly Society Limited since 2020 where he chairs the Audit and Risk Committee.
- Independent Non-Executive Director at Amber River Group since September 2021, where he chairs the Audit and Risk Committee.

Directors standing for re-election

Rachel Court JP, BA Oxon

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

Skills and Experience

Rachel has 23 years of experience working in the Building Society sector including 8 years at Executive level. This has been followed by 8 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 as a Non-Executive Director on the Board of Leek Building Society, Rachel was appointed to the position of Independent Chair in April 2016. Since then she has overseen the reshaping of the Society's Board, including the appointment of a new Chief Executive in 2018 and a number of additional Executive and Non-Executive Director changes.

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.

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.
- Non-Executive Director of Invesco Asset Management Ltd and Chair of the Risk Committee.
- Governor – Calderdale College.
- Magistrate.

Directors standing for re-election

Andrew Davies

Chief Risk Officer and Executive Director
since September 2021.

Skills and Experience

Andrew has over 30 years of treasury and risk management experience gained within the financial services sector. He joined the Society in January 2018 as Head of Risk & Compliance, becoming Chief Risk Officer in July 2019 and was appointed to the Board in September 2021. His role is to ensure that the Society manages risk robustly and operates in line with its clearly defined risk management framework. In addition to having management responsibility for risk and compliance, he also acts as the Society's Money Laundering Reporting Officer and Data Protection Officer.

Having started his career in the branch network of a clearing bank, Andrew then moved to the building society sector where he gained extensive treasury experience, becoming Assistant Treasurer in one of the country's largest societies. More recently he held a senior risk management role at a UK bank where he helped to develop and embed a second line risk oversight function covering market risk, liquidity risk and counterparty credit risk.

For the majority of his career, Andrew has worked within mutual organisations, reflecting his commitment to the sector and its ethos. He strongly believes that member owned organisations are best placed to provide real value to their members and positively impact the communities they serve.

Andrew is a member of the All Risks Committee. He also attends the Executive Committee, the Board Risk Committee and Board Audit Committee, Conduct and Product Forum, Credit Risk Forum, Asset and Liability Committee, Pricing Forum and the Change Programme Steering Committee.



Current External Positions

Andrew currently holds the following external appointments:

- Board Trustee of Leek Building Society Charitable Foundation.

Directors standing for re-election

Andrew Healy MoB, BSc, Chartered FCIPD

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 Fellow 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, Asset and Liability Committee, All Risks Committee, Credit Risk Forum and Change Programme Steering Committee.



Current External Positions

- None.

Directors standing for re-election

Jane Kimberlin BA

Independent Non-Executive Director since November 2016 and Senior Independent Director since March 2022.

Skills and Experience

Jane is an internationally experienced Board Chief Information Officer / Information Technology Director with over 30 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, Board Remuneration Committee and Board Nominations Committee.



Current External Positions

Jane currently holds the following external appointments:

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

Directors standing for re-election

John Leveson MBA, FCIB

Independent Non-Executive Director since May 2015.

Skills and Experience

John has over 40 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 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 Audit Committee.



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) The last date for receipt of your vote is 12 noon on 22 April 2023. You can vote in person at the meeting on 26 April 2023.
- (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 26 April 2023, and
 - (ii) have held shares to the value of not less than £100 at midnight on 31 December 2022, and
 - (iii) not have ceased to hold a share or shares at any time between midnight on 31 December 2022 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 26 April 2023, and
 - (ii) have owed the Society not less than £100 in respect of a mortgage debt at midnight on 31 December 2022, 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 irrespective of 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 attached form 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 form and post it to Leek Building Society Scrutineers, AGM Voting, Howsons Electoral Services, 50 Broad Street, Leek, ST13 5NS, for receipt no later than 12 noon on 22 April 2023. You can also vote online by visiting leekbs.co.uk/aggm.
- (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 in addition to your customer number.



Online Voting

To use this facility, please go to leekbs.co.uk/aggm and click on the link which will redirect you to a secure voting site administered by Howsons Electoral Services who are independent scrutineers. You will need your user ID and password which you'll find on the proxy voting form.

Online voting is available 24 hours a day until 12 noon on 22 April 2023.



LEEK
Building
Society



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The pulp used in the manufacture of this paper is from renewable timber produced from sustainable forests and is elemental chlorine free.