



Building Society

BRITAIN'S BEST BUILDING SOCIETY 2023

MEMBERS' REVIEW

2023



CONTENTS

2023 BUSINESS REVIEW & SUMMARY FINANCIAL STATEMENT

Performance Highlights	03
Chair's Statement	04
Chief Executive's Review	08
Strategic Report	18
Environmental, Social & Governance Report	25
Directors' Remuneration Report	26
Summary Financial Statement	30
Independent Auditor's Statement	32
Information Relating to Directors	33

2024 NOTICE OF ANNUAL GENERAL MEETING & VOTING DETAILS

Message from the Chair	38
Notice of Annual General Meeting 2024	39
Directors standing for election/re-election	40

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



Please refer to the Strategic Report on page 18 for definitions.





**RACHEL
COURT**

CHAIR

CHAIR'S STATEMENT

I am extremely proud to introduce Leek Building Society's Annual Report and Accounts for 2023, a record year for our Society on many fronts and one in which our focus on our mutual values supported more than ever our robust financial performance, strong risk management standards and high member and colleague satisfaction. It is all the more pleasing that this was achieved while we continued our strategic investment programme which will underpin our success and sustainability for many years to come. This was also a year when we were announced as Britain's Best Building Society in the 2023 British Bank Awards, an accolade which reflected so well on everyone in our organisation.

“Our focus on our mutual values supported more than ever our robust financial performance, strong risk management standards and high member and colleague satisfaction.”

The Society ended the year with a balance sheet in excess of £1.3 billion, enhanced underlying profit performance, strong levels of capital reserves and healthy liquidity. Significant detail regarding our financial performance, strategy and risk

management can be found throughout this annual report, in particular in the Chief Executive's Review, Strategic Report and Risk Management Report.

Economic and Market Conditions

Economic and market conditions were challenging throughout the year. High inflation continued with the Bank of England responding by effecting a number of increases to base rate. Cost of living pressures persisted and 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 to say that since interest rates started to rise in December 2021, we have been able to soften the blow for many borrowers by only passing on approximately 60 per cent of the Bank of England base rate increases, whilst we continued to offer competitively priced products for all customers.

It is encouraging to report that we have not yet seen an increase in mortgage arrears, a result that has undoubtedly been helped by our prudent approach to underwriting and customer affordability. However, there is naturally a risk that higher arrears will materialise in 2024 as challenging conditions persist and 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 mortgage market experienced a significant drop in new lending after a period of growth following the pandemic. This was due in significant part to the rising interest rate environment and the associated affordability challenges faced by borrowers as well as a fall in house prices, although the ongoing housing supply shortage saw prices remain more resilient than was anticipated. Against this backdrop, I am very pleased to report that the Society saw a record level of net mortgage lending, demonstrating the strength of our product propositions.

The savings market experienced a range of dynamics during 2023. Ongoing cost of living pressures impacted household savings as surplus holdings from the pandemic were utilised to manage higher living costs. Those who could afford to save tended to seek out competitive fixed rate products where the yields on offer appeared attractive relative to other investment types. In the same way that we sought to support our mortgage members as interest rates rose, the Society responded in a fair manner for savers by offering a competitive suite of variable and fixed rate savings. This approach resulted in solid deposit inflows, leading to balances of over £1 billion at year end and a healthy surplus liquidity position.

“In the same way that we sought to support our mortgage members as interest rates rose, the Society responded in a fair manner for savers by offering a competitive suite of variable and fixed rate savings. This approach resulted in solid deposit inflows, leading to balances of over £1 billion at year end and a healthy surplus liquidity position.”

I am delighted to report that Leek Online, our online savings platform which was launched at the end of 2022, is growing well and is providing existing and new members with the option to open and manage their accounts online. This service is the result of significant investment in new technology by the Society and in 2023, we continued to invest in a number of important areas. We completed our branch modernisation programme whereby all our branches have now been upgraded to offer improved facilities, including more meeting points and 'engagement zones' for discussions about our products and services. Furthermore, we have completed the development and testing work to implement our new mortgage platform which will be rolled out in the first half of 2024, significantly improving the mortgage journey experience for our new borrowers and broker partners.

Our Board

A number of changes to our Board took place during the year. Following Keith Abercromby's departure in April, Felicity Bambery took over as Chair of Audit Committee. A former senior partner in a tier one audit firm, Felicity has been a Non-Executive Director with the Society for just over 18 months and also serves on our Risk and Remuneration Committees. John Leveson, Non-Executive Director and Chair of Remuneration Committee, will step down from the Board in April 2024 when his tenure comes to an end. With his substantial building society sector experience, John has played an essential role in shaping and supporting the Society's strategic focus and he will be very greatly missed. We wish John all the very best for the future.

As part of our succession planning in anticipation of John Leveson's departure, the Board initiated a comprehensive recruitment process during 2023 to identify a new Non-Executive Director. John Gibson, who brings extensive building society sector experience, was co-opted onto the Board in January 2024 and will stand for election at our forthcoming Annual General Meeting.

Meanwhile, Andrew Healy, our Chief Executive for the past 5 years, has recently indicated to the Board that he wishes to step down from his role during 2024 in order to focus on non-executive director work. Soon after he joined the Society back in 2018, Andrew agreed with the Board a multi-part investment and change programme to modernise the Society which involved flexible new IT infrastructure, digital savings and mortgage platforms, remodelled branches and new products and services. A warm, engaging leader of tremendous integrity, Andrew has set incredibly high standards, and has delivered strongly against those standards, growing business performance to record levels, elevating risk management focus and further uplifting our exceptionally positive culture. Andrew's leadership throughout the pandemic was outstanding and his compassion towards employees, members and the local community throughout his tenure has been second to none. We were

all extraordinarily proud when last year Andrew was awarded an honorary MBE by King Charles for his services to the local community – an honour which I hope you will agree was richly deserved.

A rigorous selection process for the appointment of Andrew's successor is currently underway and he will continue to lead the Society until his replacement is confirmed. Meanwhile, I would like to extend my own and the Board's immense thanks to Andrew for everything he has achieved during his tenure and to wish him every success for the future. His character, skills and experience will undoubtedly add great value to other boards in the same manner in which they have benefitted our business.

Thank You

I would also like to record my sincere gratitude to all my fellow Board members, the broader management team and to all my colleagues across the Society for your continued efforts to ensure Leek Building Society remains strong and successful. Thank you for living our values and for delivering such strong performance in 2023.

But most of all, I would like to thank you, our members, for your wonderful support and loyalty which I greatly appreciate. I firmly believe that together we can look to the future with tremendous optimism. It is my hope that 2024 will bring you good health and happiness and I offer you my very best wishes for the year ahead.

Rachel Court
Chair
29 February 2024

Most of all, I would like to thank you, our members, for your wonderful support and loyalty which I greatly appreciate. I firmly believe that together we can look to the future with tremendous optimism."

WHAT OUR STAFF SAY

Working for Leek is a privilege. I love being involved in the community work we do, making a real impact in our local areas."

The Society really do care about you as employees."

I'm proud to tell people that I work for the best Building Society in the country."

It's great to be part of an organisation that supports my development and progression."

There's a wonderful culture. The organisation is passionate about the wellbeing of staff."

Over 90% of colleagues say:

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



ANDREW HEALY
CHIEF EXECUTIVE



CHIEF EXECUTIVE'S REVIEW

As reported by our Chair, 2023 was a particularly positive year for the Society. Despite the challenging economic and market conditions, we delivered strong financial results as well as robust risk management standards and high customer service levels whilst continuing to invest for the long-term benefit of our members.

The cost of living crisis that began in 2022 persisted with high inflation, further increases in interest rates and relatively weak economic conditions. It is all the more satisfying, therefore, that we achieved such excellent performance across all parts of our business.



Strong financial performance

As set out in more detail in the Strategy Report which follows my review, the Society recorded a strong financial performance in 2023. In terms of underlying profitability,

the year-on-year 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 capital strength/financial resilience and to ensure there is ongoing investment in our business.

“Despite the challenging economic and market conditions, we delivered strong financial results as well as robust risk management standards and high customer service levels whilst continuing to invest for the long-term benefit of our members.”

Mortgages

Mortgage balances grew by 11% to £984m (2022: £888m) due to a record level of net lending of £80m (2022: £42m). Our excellent product and service proposition supported this performance which significantly bettered the market, with growth driven by

a combination of good customer demand for new loans and high retention levels among existing customers who tended to stay with us after their previous mortgage deal came to an end.

“Mortgage balances grew by 11% to £984m (2022: £888m) due to a record level of net lending of £80m (2022: £42m). Our excellent product and service proposition supported this performance which significantly bettered the market.”

Notwithstanding the challenging economic conditions, I am pleased to report that our mortgage book continues to be of high quality with below industry average arrears levels. There is a heightened risk of increased arrears going forward given the pressure on borrowers from the cost of living and relatively high interest rate environment. However, we believe our prudent lending policy which includes robust affordability tests at the outset of our lending decisions, will continue to provide a significant shield against these impacts becoming material.

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% loan-to-value (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.

As the year drew to a close, we were pleased to launch our first Shared Ownership mortgage as part of our commitment to support home ownership. This mortgage is aimed at helping more first-time buyers to get on to the housing ladder by making owning their home more affordable.

Savings

Savings balances grew by 9% to £1,097m (2022: £1,011m). As a building society, member savings represent our primary way to fund our mortgage lending and it is essential that our savings propositions remain appropriate for both current and prospective members. To achieve this growth, we provided a competitive range of savings accounts and we upheld our commitment to reward member loyalty by offering exclusive fixed rate savings accounts to existing members with higher interest rates than those on offer to new members.

We actively participated in UK Savings Week which is a Building Societies Association campaign to raise awareness of the

importance and benefits of saving. This campaign closely aligns to our ethos of encouraging people to start saving and to foster better savings habits in order that they may achieve a better financial position over the long term.

As reported last year, we launched our first online savings service, Leek Online, at the end of 2022 which enables existing and new members to conveniently open and manage their accounts online. Demand for this service steadily increased throughout 2023 and it was pleasing to see this extend across a wide geographic and demographic footprint, supporting growth levels and helping to diversify our savings base.

But we also recognise that online services are not for everyone and we remain deeply committed to our local high streets as evidenced by the completion during the year of our branch refurbishment programme which provides members with high quality face to face services and access to cash in a modern, friendly and professional environment.

Further details on our financial performance can be found in the Strategic Report on page 18.

High interest rate environment & cost of living – supporting 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 Bank of England base rate started the year at 3.50% and rose to 5.25% by year end. 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 on as little as possible of these base rate increases to mortgage borrowers whilst providing highly competitive fixed and variable rate products to savings members.

While the recent reductions in inflation suggest that base rate may have peaked, it is difficult to project the trajectory of interest rate movements going forward. However, please be assured that we will continue to stick to our well-proven principles of

supporting both our mortgage and savings members in every way possible whilst also maintaining the financial resilience that is necessary to protect the long-term viability of the Society.

“Online services are not for everyone and we remain deeply committed to our local high streets as evidenced by the completion during the year of our branch refurbishment programme which provides members with high quality face to face services and access to cash in a modern, friendly and professional environment.”

Leek Building Society was one of the first building societies to sign up to HM Treasury’s Mortgage Charter, introduced in June 2023, which helps borrowers who may be struggling or who may be worried about making their repayments when their mortgage deal comes to an end. On the Society’s website, there are details of the Charter as well as a range of helpful resources which include who to speak to if you are concerned about your finances, tips on ways you may be able to reduce your bills and details of external agencies which offer free help and support.

During the year, we partnered with Potteries Moneywise to host a series of money clinics in our branches to offer assistance and expertise on a range of subjects including effective money management, budgeting, benefits eligibility and managing debt during these difficult times. We also partnered with national charity, Young Enterprise to deliver financial education in each of the 11 towns where we have a branch.

“Please be assured that we will continue to stick to our well-proven principles of supporting both our mortgage and savings members in every way possible.”



Investment Programme – investing in the Society’s future

2023 saw the Society’s investment programme deliver a number of benefits for members. As reported above, we completed our extensive branch refurbishment programme during the year. While many financial institutions continue to close the doors of their branches, we have proudly gone against the grain by investing in every one of our 12 branches. We also completed the refurbishment of our Head Office environment, providing a vibrant workplace for our colleagues that powerfully facilitates hybrid working, collaboration and accessibility.

With the aforementioned introduction of Leek Online, members can now 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 transaction details. We have furthermore completed the development and testing work to implement our new digital mortgage platform which will be rolled out in the first half of 2024, bringing with it an enhanced mortgage application process which will benefit both our borrowers and broker partners alike. We will continue to invest and build upon our technology capabilities over the years ahead.



“We have furthermore completed the development and testing work to implement our new digital mortgage platform which will be rolled out in the first half of 2024, bringing with it an enhanced mortgage application process which will benefit both our borrowers and broker partners alike.”

Our Service

We collect feedback on our service standards through an independent organisation which is widely recognised across the mutual sector, Smart Money People. I am delighted to advise that throughout the year, all our key service measures were rated by members as strong and that our overall service score for 2023 was 98.8%, 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 92.

We were delighted to win two national awards at the 2023 British Bank Awards – Best Building Society and Best Building Society Savings Provider. These awards are particularly special as they are based on the reviews provided by those who matter most, our members and customers.

“We were delighted to win two national awards at the 2023 British Bank Awards – Best Building Society and Best Building Society Savings Provider. These awards are particularly special as they are based on the reviews provided by those who matter most, our members and customers.”



During the year, the Financial Conduct Authority (FCA) raised the bar for the standard of care expected from financial institutions towards consumers when it introduced the Consumer Duty. Despite being well-positioned to meet the Duty's expectations, we conducted a thorough review across all aspects of our products and services to confirm they provide members with fair value, making sure our communications are clear and ensuring comprehensive customer support is available when needed, including support for vulnerable customers. We also appointed Non-Executive Director, Dave Cheeseman as our Board Consumer Duty Champion.

Member Engagement

We recognise the importance of communicating effectively with our members and acting on your feedback. During the year, we used a range of methods to promote active engagement with members, including regular website and social media updates, member newsletters, community engagement activities, our annual member survey and real-time member feedback via the independent Smart Money People platform. Such feedback, whilst generally extremely positive, was carefully listened to and acted upon where appropriate.

We have additionally stepped up our efforts to collect email addresses in order to facilitate a shift towards paperless, digital communication for those who prefer this method of communication.

Our People & Culture

I am particularly proud of our people. Our colleagues excelled during the year in providing outstanding customer service whilst delivering the Society's strong performance.

We fully recognise the pivotal importance of our people platform and an organisational structure is in place which supports the delivery of our strategic plan, 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 an exceptionally positive culture. With 97% of staff proud to work for us, we firmly believe that this positive culture, allied to our excellent overall employee proposition, makes us one of the most attractive organisations to work for in our sector.

“I am particularly proud of our people. Our colleagues excelled during the year in providing outstanding customer service whilst delivering the Society's strong performance.”

Substantial advances were made to our employee proposition during the year, evidencing our deep ongoing commitment to staff welfare and to supporting our people. Funded health screenings continued to be availed of and our workplace savings scheme was well utilised to improve the financial resilience of our staff. We also made improvements to remuneration which were appropriately cognisant of the challenges brought about by the high ongoing cost of living.

Our focus on the health and wellbeing of our staff was recognised at the national CIPD People Management Awards where we received the award for best approach to Health and Wellbeing. We were also awarded Employer of the Year by the Staffordshire Chambers of Commerce, demonstrating our pedigree as an employer of choice.

Equality, diversity and inclusion (EDI) remains an important area of focus for the Society. As stated in the Board Nominations Committee report, we have a comprehensive strategy to make our Society more diverse, inclusive and reflective of the communities we serve. The regulatory guidance expected in early 2024 will be fully embraced and actions will be supported by our staff EDI Forum which is made up of a diverse range of colleagues from across our business.

Community

Core to the Society's purpose is to be socially responsible and to make a positive difference to the local community. During 2023, we supported a broad range of local community groups, charities and organisations. Having set a target last year to provide £500,000 by 2027 to such entities, I am proud to report that we donated £125,000 over the course of the year. This included funds generated by members through our affinity savings account range.

“During 2023, we supported a broad range of local community groups, charities and organisations. Having set a target last year to provide £500,000 by 2027 to such entities, I am proud to report that we donated £125,000 over the course of the year.”



Our Charitable Foundation, launched in 2022, has gone from strength to strength, helping us to increase the scale and scope of our charitable giving. It's primary function is to provide grants of between £500 and £5,000 to local charities and community groups and during the year, £21,000 was donated to a number of worthy causes. Our staff also provided 180 days of local community volunteering, almost double the level of the prior year.

We developed our suite of local partnerships even further in 2023 with the introduction of financial education support for both our members and local young people. We also provided funding to a broad range of clubs and organisations that are fundamental pillars of our communities and which play an important role in the lives of local people. Furthermore, we entered into a landmark partnership with AEDdonate which will see 100 life-saving defibrillators installed in our heartland areas over the next 4 years.

The Environment

An important measure of the extent to which we are socially responsible is our commitment to the environment. During the year, we launched a new Green Further Advance Mortgage aimed at helping current borrowers to enhance their homes' energy efficiency. We also continued to work towards achieving net-zero emissions by using a specialist waste management company to recycle waste from our Head Office and branch network as well as an electricity supplier which uses

100% renewable sources. In addition, we upgraded our lighting systems to energy-efficient LEDs which reduced by approximately 90% the energy required to light our buildings.

Further details on our Environmental, Social and Governance (ESG) strategy and actions can be found in the ESG Report on page 25.

Thank You

As I look back on 2023, I am immensely proud of our achievements. I would like to take this opportunity to most sincerely thank my colleagues at all levels for your excellent business performance, for consistently living our organisation's values and for your high standards of service, corporate governance and risk management. As this report clearly demonstrates, you have simultaneously done all this while making a tremendously positive difference to the lives of our members, colleagues and the local community.

To our loyal members, thank you for your ongoing support and words of encouragement to myself and my colleagues. We will continue to seek to anticipate and meet your needs. I firmly share the view of our Chair and wider Board that a bright and successful future lies ahead for Leek Building Society.

Andrew Healy MBE
Chief Executive
29 February 2024

“To our loyal members, thank you for your ongoing support and words of encouragement to myself and my colleagues. We will continue to seek to anticipate and meet your needs. I firmly share the view of our Chair and wider Board that a bright and successful future lies ahead for Leek Building Society.”

WHAT OUR MEMBERS SAY

Very experienced, efficient, friendly staff.

The makeover looks bright and inviting. So glad we still have this branch locally.

Staff are always helpful, professional and friendly.

I was daunted by the idea of switching my mortgage but the staff were so helpful and explained everything brilliantly. The process was really easy.

Nothing is too much trouble. Leek Building Society make every customer feel valued.

Overall customer satisfaction rating
98.8%



SUPPORTING OUR COMMUNITY



CHARITABLE FOUNDATION

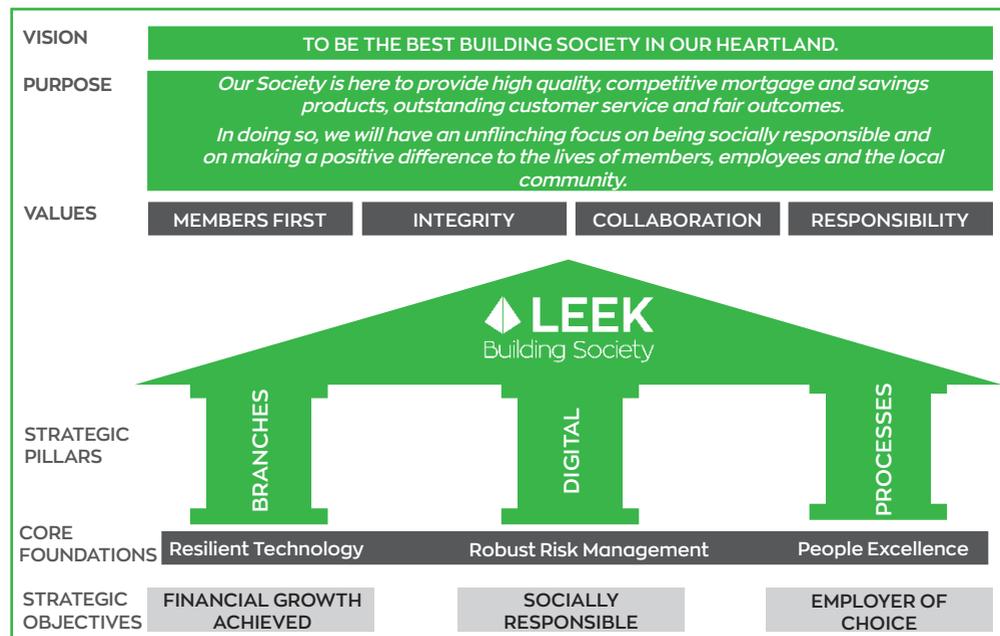
Our Foundation celebrated it's first birthday in 2023 and is already making a really positive difference.



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 it operates and the principal risks it faces. 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:

 Members First We ensure our members are our key focus. We always strive to exceed their expectations. We ensure fair customer outcomes.	 Integrity We adhere strictly to the highest standards of conduct, risk management, ethics and honesty in all that we do.	 Collaboration We collaborate with our colleagues and external partners to deliver our purpose and to ensure we operate to the highest possible standards.	 Responsibility 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.
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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. In late 2022, we introduced our online digital savings service,

Leek Online, which is growing satisfactorily and is providing both existing and new members with the option to open new accounts with us, as well as to manage their existing accounts online. This is the result of significant investment in new technology by the Society and in 2023, we also completed the development and testing work to implement our new mortgage platform which will be rolled out in the first half of 2024, enhancing the mortgage journey experience for our new borrowers and broker partners. In addition, we completed our branch modernisation programme whereby all our branches have now been upgraded to offer improved facilities, including more meeting points for discussions about our products and services.

Key Performance Indicators

The Society delivered strong financial performance in 2023 despite the challenging economic and market conditions. The Board uses key performance indicators (KPIs) to monitor the performance and development of the Society and a number of these are included below together with explanatory comment to help provide a good understanding of our performance and status.

		2023	2022
Operating Performance	Underlying Profit before Tax	£6.4m	£5.0m
	Profit before Tax	£4.1m	£9.6m
	Net Interest Margin	1.66%	1.47%
	Management Expenses Ratio	1.14%	1.07%
Balance Sheet	Mortgage Arrears	0.16%	0.11%
	Total Assets	£1.31bn	£1.24bn
	Mortgage Balances	£984m	£888m
Financial Strength	Shares and Deposits	£1.10bn	£1.01bn
	Regulatory Capital	£77.9m	£74.9m*
	Total Capital Ratio	17.8%	18.2%*
	Liquid Assets	£298m	£307m*

*Restated to account for prior period adjustments set out in notes 9 and 24 of the Annual Report and Accounts.

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.
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.

*As is common industry practice, the Society uses derivative instruments that are designed to hedge the financial risk associated with fixed rate mortgage and savings products. Gains and losses arising from fair value movements reflect changes in market rates of interest which, in the view of the Society's directors, are unrelated to the performance of the Group and Society.

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 sustainable, measured growth, increasing by 6% from £1,238m at the end of 2022 to £1,313m at the end of 2023.



Mortgage balances

Total mortgage balances at the end of 2023 stood at £984m (2022: £888m) net of provisions, interest rate and fair value adjustments. Strong net lending of £80m was achieved (2022: £42m) which was underpinned by new lending of £192m (2022: £186m) and a relatively low level of mortgage redemptions of £76m (2022: £105m).

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

Primarily through the branch channel and the embedding of Leek Online, the Society continues to grow its savings base, with total balances at the end of 2023 of £1,097m (2022: £1,011m). We are, and will continue to be, primarily funded by individual retail savings (shares) via a range of competitive savings and ISA products. Existing customers are rewarded through preferential loyalty products. As referred

to 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.



Underlying profit before tax

The Society recorded an underlying profit before tax of £6.4m, an increase of £1.4m on 2022 (£5.0m). 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, offsetting increased costs from inflation and continued investment in the business.

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. As the higher interest rate environment has progressively developed, we have seen profits return to levels broadly consistent with the longer term average seen prior to the ultra-low interest rate environment which preceded the pandemic. As profit generation remains the most effective way for a building society to generate capital, sustainable profitability 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 £4.1m (2022: £9.6m) after accounting for fair value movements (loss of £2.3m; 2022 gain of £4.6m) 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 loss 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, this is an industry practice which we have historically used and will continue to use. As with the gain seen in 2022, the loss in 2023, which follows the accounting standards we comply with, will reverse over the next few years as the relevant mortgages mature.
- 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 1.66% (2022: 1.47%) due to continued increases in the Bank of England base rate which improved the yield generated on our asset and derivative portfolios. Our balanced approach to base rate movements is well documented in this annual 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 our response to movements in base rate.



Management expenses ratio (%)

The management expenses ratio is a very simple measure of efficiency. This increased in 2023 to 1.14% (2022: 1.07%), with total costs increasing by £17m (13%) reflecting our strategic investment programme's expenditure on technology systems and infrastructure as well as our branch and head office refurbishments. The high inflationary environment also impacted employee remuneration and third party costs. As part of our strategy to be an employer of choice, we provided colleagues with salary increases and 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.



Mortgage arrears

The Society is committed to responsible lending. Our mortgage book remains of high quality, as evidenced by the low level of arrears despite the ongoing challenging economic conditions. The number of mortgages in arrears by the equivalent of three or more monthly repayments totalled 14 accounts at 31 December 2023, representing 0.16% of mortgage accounts (2022: 8 accounts, 0.11%). There was just one case in arrears of 12 months or more at 31 December 2023 (2022: 2 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. 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 which offer free help and support. For residential mortgage holders specifically, there are details of the Mortgage Charter which helps borrowers who may be under financial pressure or who may be worried about making their repayments when their mortgage deal comes to an end. This Charter is a voluntary agreement drawn up by HM Treasury which we are proud to have signed up to.

An impairment allowance is held where appropriate and cases that do not have an individual impairment allowance are included within the collective impairment allowance. In 2023, no properties were taken into possession (2022: one property). 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 2023, a post model adjustment of £0.1m was added to the Society's impairment allowance to reflect the risk of losses within our mortgage portfolio (2022: £0.4m).

Capital strength

The Society has continued to focus on ensuring its balance sheet is strong, secure and fit for purpose. The level of profit generated in 2023 has ensured that our capital position remains robust, with reserves at 31 December 2023 of £79.6m (2022 restated: £76.3m). This outturn predominantly reflects the impact of our profit for the year.

The Common Equity Tier 1 ratio at year end stood at 17.7% (2022 restated: 18.1%) and the leverage ratio stood at 6.8% (2022 restated: 6.8%). A one-off increase in the Society's defined pension scheme liability arose due to a prior period adjustment required for 2022. This has not impacted current year profitability and whilst it has reduced the Society's capital surplus, it has not had a material impact. More detail can be found

in note 24 to the financial statements in the Annual Report and Accounts. 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 sufficient levels are held to protect against possible future events. The Society complied with its Total Capital Requirement (TCR) plus capital buffers, as notified by the Prudential Regulation Authority, throughout the financial year and remained significantly above this required level at all times.

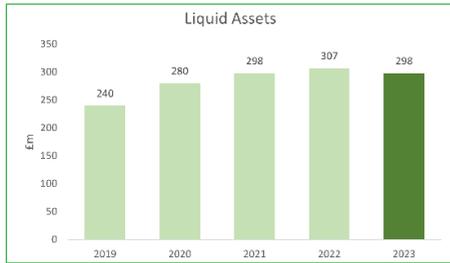
The Society is required to set out its capital position, risk exposures and risk assessment processes in the Pillar 3 disclosure document which can be found on our website.

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 £298m (2022 restated: £307m). Restricted cash held with the Bank of England has been reclassified to other assets and the 2022 financial statements have been restated as a result. More detail can be found in note 9 of the financial statements.

A key measure of liquidity introduced under the Capital Requirements Directive

is the Liquidity Coverage Ratio (LCR). At 31 December 2023, the Society reported an LCR of 323% (2022: 283%), significantly in excess of minimum 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, not least due to the ongoing conflicts in Ukraine and the Middle East and the upcoming general election. While inflation is projected to continue to reduce, there is expected to be considerable ongoing pressure on living costs and there remains the risk that this, combined with high interest rates and unemployment, could lead to mortgage repayment difficulties as well as lower housing market activity and prices.

The financial services market continues to see rapidly accelerating digital transformation and intense competition to meet the ever-evolving needs of customers. Notwithstanding our ongoing investment programme, these factors increase 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 is positive for members and it remains our intention to offer fairly-priced, transparent savings

and mortgage products, to provide a safe home for members' savings, to promote a savings culture, to lend responsibly and to support borrowers to achieve their housing aspirations. We will continue to invest in enhancing the resilience of our technology, ensuring that our systems remain well placed to deal with the challenges and risks posed by the modern world. But whilst technological development must be an ongoing area of focus, the Board remains fully committed to our branch network, as evidenced by our recently completed branch refurbishment programme.

The Society has a proud history of 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 Internal Liquidity Adequacy Assessment Process (ILAAP) regulatory assessments as well as our forward-looking corporate plan. Through these robust processes, we test a 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 2024, the Society remains robustly positioned to navigate through the economic, competitive and other headwinds it may face.

Rachel Court
Chair
29 February 2024

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

As a Building Society, we have an important social purpose. We were created to provide a safe home for members' savings in order to fund mortgages, thereby supporting those seeking to put a roof over their heads but who may lack the necessary means to do so. As a result, since our inception over 160 years ago, we have been committed to being socially responsible and to making a positive difference to the lives of our members, employees and the local community. Our 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. Over recent years we have worked with an expert third party to develop our ESG strategy which aligns to the below UN sustainability goals that are considered most relevant to our business model.



Progress to date is summarised in the table below.

2020	2021	2022	2023	2027 & Beyond
<ul style="list-style-type: none"> ✓ CFO appointed SMF (regulatory responsibility) for climate risk ✓ Climate Working Group established 	<ul style="list-style-type: none"> ✓ Climate scenario analysis (physical and transition risk) undertaken ✓ ICAAP (internal capital adequacy assessment process) document updated for climate risk and scenario analysis ✓ Qualitative risk appetite for climate risk set ✓ Charitable Foundation announced 	<ul style="list-style-type: none"> ✓ Scope of Climate Working Group expanded to cover ESG ✓ Green Ambition announced on website ✓ Policies updated to cover ESG risks ✓ Carbon footprint assessment completed ✓ 100% energy obtained from renewable sources ✓ First Green Product (Holiday Let) launched ✓ Charitable Foundation launched. £13,000 donated to local causes ✓ Society commits to donate £500k (£100k pa) by 2027 to local clubs and causes ✓ 95 staff volunteering days completed ✓ Equality, Diversity and Inclusion Strategy approved by Board 	<ul style="list-style-type: none"> ✓ Mortgage portfolio EPC rating baselined ✓ Green Further Advance Mortgage launched ✓ Branch & Head Office refurbishments completed with accessibility measures ✓ LED lighting installed in all branches and head office leading to 90% reduction in energy required to light these buildings ✓ Charitable Foundation donated £21,000 to community causes ✓ Society donated £125,000 to local clubs and causes ✓ 180 staff volunteering days completed ✓ Agreement reached with AEDdonate to provide 100 defibrillators over 4 year period. Rollout commenced ✓ 41% of senior management positions held by women 	<ul style="list-style-type: none"> • Target zero net carbon position for scope 1 and 2 emissions* • Net Zero by 2050

* Scope 1 emissions are defined as direct emissions from company vehicles and natural gas, whilst scope 2 emissions are defined as indirect emissions relating to the purchase of electricity.

The Society's full ESG Report for 2023 is on page 22 of the Annual Report and Accounts. Please scan the QR code to access this report.



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

	2023					2022					
	Salary/ Fees £000's	Benefits /Other (iii) (iv) £000's	Sub Total £000's	Pensions £000's	Total £000's	Salary/ Fees £000's	Benefits /Other (iii) (iv) £000's	Sub Total £000's	Pensions £000's	Total £000's	
Non-Executive Directors (NEDs)											
Rachel Court	55	1	56	-	56	52	1	53	-	53	(i) Keith Abercromby left the Society on 26 April 2023.
John Leveson	35	2	37	-	37	34	1	35	-	35	(ii) Felicity Bambery commenced as Chair of Board Audit Committee on 1 April 2023 and therefore the increase in the fee for this role noted in the Board Remuneration Committee report applied from this date.
Keith Abercromby (i)	11	2	13	-	13	36	-	36	-	36	(iii) Richard Goddard left the Society on 31 March 2022.
Jane Kimberlin	36	1	37	-	37	33	1	34	-	34	(iv) Andrew Healy's salary was increased in 2023 following detailed benchmarking by the Remuneration Committee of data from peer organisations. He waived his entitlement to receive the cost of living payment which was given to all staff.
Dave Cheeseman	39	1	40	-	40	35	1	36	-	36	(v) In addition to the cost of living payment, remuneration to executives included in the 'Benefits/Other' column above relates to the provision of a car allowance and private medical insurance.
Felicity Bambery (from 27/07/22) (ii)	37	-	37	-	37	12	-	12	-	12	(vi) Andrew Davies, Steve Clarke and Darren Ditchburn received an increase to their basic salary in 2023 following detailed benchmarking by the Remuneration Committee of data from peer organisations.
Richard Goddard (iii)	-	-	-	-	-	10	-	10	-	10	(vii) Robert Broadbent left the Society on 5 November 2022.
Executive Directors											
Andrew Healy (iv)	283	18	301	42	343	265	18	283	34	317	(viii) John Kelly left the Society on 31 March 2022.
Darren Ditchburn (from 30/06/22) (v) (vi)	171	11	182	13	195	82	5	87	6	93	
Steve Clarke (from 30/11/22) (v) (vi)	151	10	161	11	172	12	1	13	1	14	
Andrew Davies (v) (vi)	155	12	167	23	190	144	10	154	22	176	
Robert Broadbent (vii)	-	-	-	-	-	111	11	122	17	139	
John Kelly (viii)	-	-	-	-	-	82	3	85	6	91	
	973	58	1,031	89	1,120	908	52	960	86	1,046	

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 24 April 2024. The total loans outstanding at 31 December 2023, in respect of 1 person (2022: 1 person) amounted to £159k (2022: £219k).

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 in the Board Remuneration Committee Report, the fees of the Society's Non-Executive Directors were increased during the year.

Executive Directors' Remuneration

The policy for Executive Director remuneration is included in 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 Chief Executive, Deputy Chief Executive, Finance Director, Director of Lending, HR Director and Chief Risk Officer were increased in 2023.

No bonus scheme operated for executives in 2023. However, taking account of the exceptional impacts of the cost of living crisis, the Committee approved a one-off payment to all staff. The Executive Directors were paid £1,000, 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 2023, 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 2022, no formulaic schemes were in place during 2023. The Board Remuneration Committee did not appoint any external consultants during 2023.



John Leveson
Chair of the Board Remuneration
Committee
29 February 2024



SUMMARY FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

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 22 March 2024.

Summary Statement

Group results for the Year

	2023 £000s	2022 £000s
Interest receivable	57,844	27,899
Interest payable	(36,663)	(10,082)
Net interest receivable	21,181	17,817
Other income and charges	(70)	26
Net gain/(loss) from derivative financial instruments	(2,303)	4,566
Administrative expenses and depreciation	(14,585)	(12,887)
Net finance credit/(debit) on pension scheme	(127)	20
Impairment credit/(charge) on loans and advances to customers	1	52
Provisions - Financial Services Compensation Scheme levy	-	-
Profit for the year before taxation	4,097	9,594
Taxation	(1,009)	(1,860)
Profit for the year	3,088	7,734

Financial position at the end of the year

Assets	2023 £000s	2022 £000s
		Restated*
Liquid assets	298,188	306,716*
Loans and advances to customers	984,485	888,085
Fixed and other assets	31,226	43,667*
Total assets	1,313,899	1,238,468
Liabilities		
Shares	1,089,115	999,470
Amounts owed to credit institutions	128,993	144,398
Amounts owed to other customers	7,555	11,633
Other liabilities	5,693	3,881*
Net pension liabilities	2,771	2,781*
General Reserve	78,642	75,663*
Available for Sale Reserve	138	(346)
Revaluation Reserve	992	988
Total liabilities	1,313,899	1,238,468

*2022 has been restated to correct errors in accounting for the retirement benefit obligation (and the associated deferred tax impact) as detailed, in the Annual Report and Accounts (ARA), note 24 and the reclassification of restricted cash held with the Bank of England to other assets as detailed in note 9 of the ARA.

Summary of key financial ratios

	2023 %	2022 %
1. Gross capital as a percentage of shares and borrowings	6.50	6.60*
2. Liquid assets as a percentage of shares and borrowings	24.33	26.54*
3. Profit on ordinary activities after taxation as a percentage of year-end total assets	0.24	0.62
4. Management expenses as a percentage of mean total assets	1.14	1.07

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 restated % for 2022 has decreased from 6.64% to 6.60%.

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. The restated % for 2022 has decreased from 26.64% to 26.54%.

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 29 February 2024.



Rachel Court
Chair



Andrew Healy
Chief Executive



Steve Clarke
Finance Director

INDEPENDENT AUDITOR'S STATEMENT

Independent auditors' statement on the Summary Financial Statement to the members of Leek United Building Society

We have examined the Summary Financial Statement of Leek United Building Society (the 'Society') set out on pages 30 to 31, which comprises the results for the year, the financial position as at 31 December 2023 and summary of key financial ratios.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Summary Financial Statement, in accordance with the Building Societies Act 1986.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement with the full Annual Accounts, the Annual Business Statement and the Directors' Report and its compliance with the relevant requirements of Section 76 of the Building Societies Act 1986 and the regulations made under it.

We also read the other information contained in the 2023 Business Review and Summary Financial Statement and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement. The other information comprises only the Chair's Statement, Chief Executive's Review, Strategic Report, Environmental, Social and Governance (ESG) Report, Directors' Remuneration Report and the other items listed on the contents page.

This statement, including the opinion, has been prepared for and only for the Society's members as a body in accordance with Section 76 of the Building Societies Act 1986 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

Our examination involved agreeing the balances in the Summary Financial Statement to the full Annual Accounts. Our report on the Society's full Annual Accounts describes the basis of our audit opinion on those Annual Accounts, the Annual Business Statement and the Directors' Report.

Opinion

In our opinion the Summary Financial Statement is consistent with the full Annual Accounts, the Annual Business Statement and the Directors' Report of Leek United Building Society for the year ended 31 December 2023 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986, and the regulations made under it.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

INFORMATION RELATING TO DIRECTORS AS AT 31 DECEMBER 2023

Name/Date of Birth	Occupation	Date of Appointment	Other Directorships
 Felicity Bambery BA, FCA 08/07/1976	Non-Executive Director	27/07/2022	TPT Retirement Solutions Limited (non-statutory) Verity Trustees Limited (non-statutory)
 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	Leek United Home Loans Limited
 Rachel Court JP, BA Oxon 27/06/1966	Non-Executive Director	26/11/2014	Invesco Pensions Limited Invesco UK Limited (to 12/12/2023) Invesco Asset Management Limited Leek United Home Loans Limited
 Andrew Davies 03/08/1967	Building Society Chief Risk Officer	29/09/2021	Board Trustee of Leek Building Society Charitable Foundation.
 Darren Ditchburn MSc, AdvCeMAP 25/03/1986	Building Society Deputy Chief Executive	30/06/2022	Leek United Home Loans Limited
 Andrew Healy MBE MoB, BSC, Chartered FCIPD 10/11/1966	Building Society Chief Executive	17/12/2018	Leek United Home Loans Limited
 Jane Kimberlin BA 25/09/1959	Non-Executive Director	23/11/2016	Creton Consultants Limited Creton 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 Pursall, P.O. Box No.1, 54 St Edward Street, Leek, Staffordshire, ST13 5DJ.

ENGAGING WITH MEMBERS & ACTING ON YOUR FEEDBACK

Annual Member Survey

Smart Money People feedback

Member Newsletters

Website updates from our CEO

ENGAGING WITH MEMBERS & ACTING ON YOUR FEEDBACK

You Said...	We Did...
Keep us informed regarding what matters to us.	<p>During 2023, we used a range of methods to promote active participation and engagement with you, including our annual member survey in April and regular real-time member feedback via the independent Smart Money People platform. Such feedback, whilst generally positive, has always been carefully listened to and acted upon where appropriate.</p> <p>We consistently provided website and social media updates, including regular updates from our CEO, on matters of relevance to you. These included details of the support available for anyone struggling with their mortgage repayments and/or the cost of living. In addition, we produced member newsletters to keep you informed on a range of important subjects.</p>
Keep your branches open...	<p>We have demonstrated our commitment to keeping our branches open by making a substantial investment in enhancing our branch network. 2023 saw the completion of our programme of refurbishments across all branches which has resulted in a vibrant and modern environment, reflecting our steadfast commitment to supporting and serving our local communities. Please come in and take a look if you haven't already.</p>
...But give us the option of transacting online if we want to.	<p>Our online savings service, Leek Online, was introduced at the end of 2022 and supported you throughout the year to open new accounts with us, as well as to manage your existing accounts online if you so wish. And we completed the development and testing work to implement our new mortgage platform which will be rolled out in the first half of 2024, significantly improving the mortgage journey experience for our new borrowers and broker partners.</p>
Give us competitive interest rates on our savings.	<p>We increased our savings rates throughout 2023. We took a very fair and balanced approach to the rising interest rate environment and sought to pass on as little as possible of the Bank of England base rate increases 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>
Consider how your decisions impact the environment.	<p>We have been actively incorporating sustainability into our decision-making processes. We adopted renewable electricity tariffs, upgraded our lighting systems to energy-efficient LEDs and introduced an electric car scheme for our staff, promoting cleaner and more eco-friendly modes of transport. In our efforts to reduce paper usage, we gathered more email addresses to facilitate a shift towards digital, more environmentally friendly communications.</p>
Keep supporting the local community.	<p>We donated £105,000 to local causes through grants, donations and sponsorships. Within this, our Charitable Foundation supported a large number of local charities and community groups with grants of between £500 and £5,000. We also provided more support than ever to our local communities through staff using their paid volunteering days.</p> <p>Furthermore, we developed our suite of local sponsorships even further in 2023 with the introduction of financial education partnerships for both our members and local young people. And we provided funding to 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.</p> <p>A particular 2023 highlight was the launch of a multi-year partnership with AEDdonate which will see 100 life-saving defibrillators installed over the next 4 years.</p>

Registered Principal Office

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

t: 0800 093 0004

Registered No.

323B

Directors

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

Chair

Rachel Court JP, BA Oxon

Chief Executive

Andrew Healy MBE, MoB, BSc, Chartered FCIPD

Internal Auditor

Deloitte LLP
Four Brindley Place
Birmingham
B1 2HZ

Independent Auditor

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
No 1 Spinningfields
1 Hardman Square
Manchester
M3 3EB

2024 NOTICE OF 161st ANNUAL GENERAL MEETING & VOTING DETAILS



Message from the Chair



Dear Member,

Our Annual General Meeting (AGM) is your opportunity to influence how your Society is run. You can hear about the Society's performance, ask questions and exercise your voting rights in person.

This year we have chosen a new time and venue to enable more of our members to join us. The meeting will be held at Port Vale Football Club at 6:30pm on Wednesday, 24 April 2024.

I am delighted to also let you know that we will have a **special guest** in attendance – former Manchester United and Scotland footballer, **Lou Macari**, who will share his fascinating sporting and charitable experiences. Since retiring from football, Lou has gone on to support a great number of homeless people through his Stoke-on-Trent charity, the Macari Foundation, which provides them with warm accommodation, four hot meals a day and a safe place to get back on their feet.

Members will have the opportunity to bring **one guest who need not be a member** and free transport will be available from our Head Office in Leek. **Full details of the AGM, including how to get there, can be found on our website at leekbs.co.uk/agma.**

Ways to vote

It is important to say that **YOU DO NOT NEED TO ATTEND THE AGM IN PERSON TO BE ABLE TO VOTE**. In fact, most members tend to vote online or by post before the AGM.

There are three ways to cast your vote:

- 01 ONLINE:**
Go to leekbs.co.uk/agma. Online voting is available until 12 noon on 20 April 2024. You will need your user ID and password which you can find at the top of your proxy voting form.
- 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 12 noon on 20 April 2024.
- 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.

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 groups

For every online vote received, we will donate 50 pence and for every vote received by post, we will donate 20 pence to this year's nominated charities - the **Macari Foundation** which supports homeless people and the **Leek Building Society Charitable Foundation** which assists a broad range of charities and community groups. Funds will be split evenly between these two wonderful organisations.

On behalf of everyone at Leek Building Society, I would like to thank you for your continued support. If you are able to attend our AGM in person, we look forward to welcoming you to what should be an enjoyable evening.

Yours sincerely,

Rachel Court
Chair

Notice of Annual General Meeting 2024

161st Annual General Meeting of the Members of Leek Building Society.

Notice is hereby given that the 161st Annual General Meeting of Leek Building Society will be held at 6:30pm on Wednesday, 24 April 2024 at Port Vale Football Club, Hamil Road, Burslem, Stoke-on-Trent, ST6 1AW for the following purposes:

Ordinary Resolutions

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

1. To receive the 2023 Annual Report and Accounts for the financial year ended 31 December 2023.
2. To re-appoint PricewaterhouseCoopers L.L.P. as External Auditor until the conclusion of the next AGM.
3. To approve the Directors' Remuneration Report for the financial year ended 31 December 2023.

Election/Re-election of Directors

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

The following notes form part of the Notice of Annual General Meeting.

You may vote in person at the Society's Annual General Meeting. Alternatively, you may use the proxy voting form or go online to appoint a proxy to attend and vote at the meeting on your behalf. 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. You may direct your proxy how to vote at the meeting. Your proxy may not speak at the meeting except to demand or join in demanding a poll.

By order of the Board of Directors.

Claire McCarthy
Head of Compliance & Secretariat
22 March 2024

Directors standing for election

John Gibson BSc

Independent Non-Executive Director since January 2024.

Skills and Experience

John has spent over 35 years in the building society sector with most of that time with the Skipton Building Society Group. He finished his executive career there in 2023 as Chief Conduct Risk Officer and Secretary where he was responsible for regulatory matters, a range of risk areas and Board governance. During his time at Skipton he held a range of other roles including Director of Group Risk, Group Commercial Director and General Manager Customer Services.

He served as an independent director on the boards of a range of Skipton subsidiaries including its IFA businesses, its international bank on the Channel Islands and chaired the boards of its Mortgage Packaging firms and Internal Audit and IT outsourcing businesses.

John was co-opted onto the Board in January 2024 and is a member of the Board Audit Committee.

Current External Positions

- None.



Directors standing for re-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 14 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 chairs the Regulatory Reporting Forum, Pricing Forum and ESG Committee. He is also a member of 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

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

Current External Positions

Felicity currently holds the following external appointments:

- Co-opted Committee Member of the Audit, Risk and Compliance Committee for TPT Retirement Solutions Limited.
- Co-opted Committee Member of the Audit, Risk and Compliance Committee for Verity Trustees Limited.



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



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 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

Andrew Davies

Chief Risk Officer and Executive Director since September 2021.

Skills and Experience

Andrew has over 35 years of treasury and risk management experience gained within the financial services sector. He joined the Society in January 2018 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 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 Executive Committee and All Risks Committee. He also attends the Board Risk Committee and Board Audit Committee, Credit Risk Forum, Asset and Liability Committee, Operational Resilience 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.



Darren Ditchburn MSc, AdvCeMAP

Deputy Chief Executive and Executive Director since January 2022.

Skills and Experience

Darren has extensive expertise in the financial services industry having spent 18 years at a previous building society, with nine years at the executive level. His career started on the branch counter and he went on to undertake various roles culminating in the role of Chief Customer Officer where he oversaw branches, mortgage advice, intermediaries, and digital and product propositions. Having acquired professional qualifications from the ifs School of Finance, Darren furthered his education with a Master's Degree in Leadership and Management from Loughborough University in collaboration with the Building Societies Association.

Darren's current responsibilities include the Branch Network, IT and Change, and Customer Operations, encompassing savings, mortgage, and administration support teams. His mandate extends to formulating IT, digital, operations, branch, and customer service strategies aligned with the Society's corporate plan.

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

Current External Positions

- None.



Directors standing for re-election

Andrew Healy MBE, MoB, BSc, Chartered FCIPD

Chief Executive and Executive Director since December 2018.

Skills and Experience

Andrew has more than 30 years of experience in the financial services sector in the UK and internationally, including 17 years at CEO and Board level. He has been the Society's Chief Executive since December 2018.

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. In 2023, he was awarded an MBE for services to the local community.

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.



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, Creaton Community Benefit Society.
- Director, Creaton Consultants.
- Court Liveryman, Worshipful Company of Information Technologists.





Registered Principal Office:

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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.

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.

Leek Building Society received the award of Best Building Society 2023 at the British Bank Awards, sponsored by Smart Money People, on 11 May 2023.