

# Highlights 2012

**Record  
mortgage  
applications**



**Record  
savings  
balances**



**Exclusive  
loyalty savings  
bond**

See back page

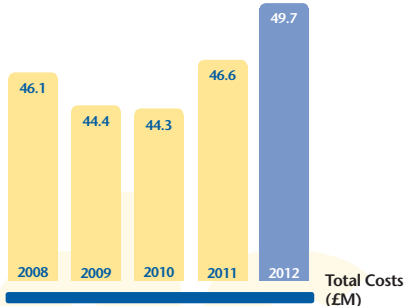
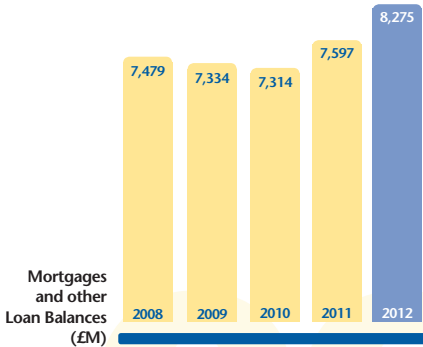
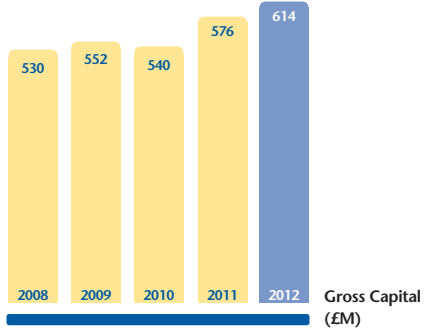
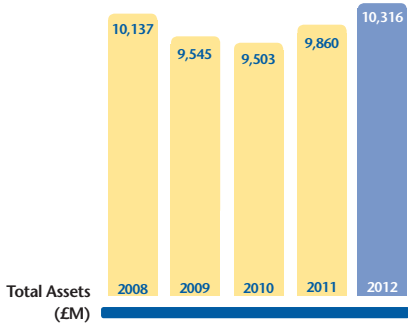
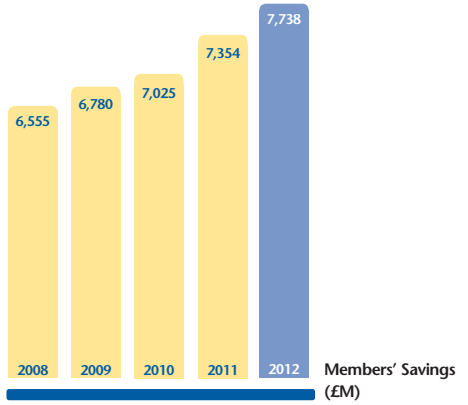
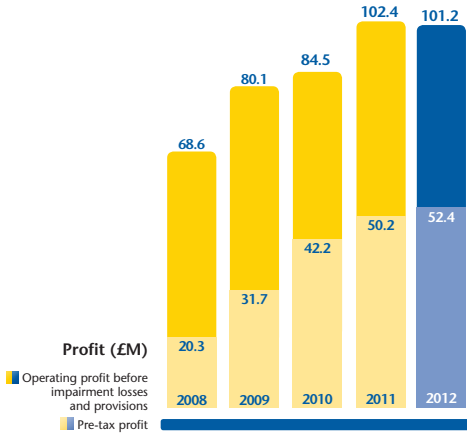


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Important information inside.

**Leeds**  
Building Society

# Five Year Review



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## Images on this page:

1. New deal signed with Leeds Rhinos (see page 11)
2. Staff celebrate the Queen's Jubilee
3. Winners of the 'green' poster competition
4. New initiative launched to help first time buyers

## Front cover images:

**Top:** Front top image – Former Eastenders actress Gillian Taylforth and her sister Kim receive a donation to Marie Curie from Peter Hill, Chief Executive.

**Bottom:** Trevor Garside and Gemma Lang (left) from Leeds Building Society receive the Your Money Best Regional Branch Network award.



# Chairman's Statement

For the year ended 31 December 2012

In my final year as Chairman, I am proud to report that Leeds Building Society has delivered another very strong set of financial results. Despite the demanding market conditions, which have prevailed since the onset of the financial crisis in 2007, we have achieved an excellent performance in our core markets, increased capital and reserves, and total assets now exceed £10bn.

Whilst we do not expect the economic environment to improve significantly over the short to medium term, our resilient profitability, strong funding, liquidity, and cost control mean that we are confident the Society will continue to deliver good results for its current and future members throughout 2013 and beyond.

## ECONOMIC BACKGROUND

Economic conditions remain challenging. In the early part of 2012, the eurozone was in difficulties and, whilst European sentiment improved in the second half of the year, the underlying issues are not yet fully resolved. This is undoubtedly impacting confidence and, as Europe is also the UK's largest export market, it is making the rebalancing of the UK economy harder to achieve. Inflation has fallen sharply in the year, but still remains above earnings growth, maintaining the pressure on household budgets. That the recovery has failed to materialise means the Government's attempts to bring the deficit under control, through austerity measures, look set to continue into the next parliament.

As a result of the weak economic environment, Bank Base Rate remains at an historic low. House prices have remained flat, as have commercial real estate values, although recent press comment suggests house prices may be about to improve. Notwithstanding this, changes in the savings and mortgage market were of benefit to the Society. Data from the Bank of England shows that household savings balances, including capitalised interest, increased by around £46.6bn this year, compared to £30.4bn in 2011, whilst gross mortgage lending increased by £1.7bn, to £142.6bn. However, net lending reduced to only £7.4bn compared to £9.5bn a year earlier.

## STRATEGIC DIRECTION

To ensure we continue to thrive, your Board believes that the Society must have a compelling vision underpinned by a clear and distinct strategy.

Since Peter Hill was appointed Chief Executive in 2011, we have defined that vision and built our strategy around it. This is explained more fully in the Chief Executive's Review on page 6.

The Society's vision is "to be Britain's most successful building society".

Most successful means:

- Delivering the **best value for members**,
- Achieving the **best business** and financial results and,
- Creating the **best environment for our colleagues**.

The members of the Executive team have been challenged to achieve these goals and their rewards are directly linked to the level of success.

## REGULATION AND INDUSTRY DEVELOPMENTS

In April this year, the Financial Services Authority (FSA) will split into the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA), and we will be regulated by both bodies. The FCA will focus on consumer protection and the PRA on financial stability.

The Society has made a number of changes to meet the requirements of the FSA's Retail Distribution Review (RDR), which relates to the sale of regulated investment products. I am delighted the Society has partnered with Legal & General, which will ensure that members are able to continue to benefit from regulated advice on investments and retirement planning through our branches.

In October 2012, the FSA issued its Policy Statement on the Mortgage Market Review (MMR), with the recommendations becoming effective from April 2014. We anticipated many of the key outcomes and have already implemented the majority of proposals, such as changing the way we assess affordability.

The UK Government conducted its own review into the banking sector through the Independent Commission on Banking and recently undertook a consultation to determine if any changes were needed to the regulatory framework for the building society sector. We actively contributed to the 'Future of Building Societies' discussion and welcome the commitment made by the Government to ensure that mutuals are able to thrive.

“...we have achieved an excellent performance in our core markets, increased capital and reserves, and total assets now exceed £10bn.”

The Bank of England introduced the ‘Funding for Lending’ scheme to stimulate lending to consumers and businesses, and we were one of the first institutions to sign up. Whilst this initiative supported our mortgage volume aspirations, retail savings remain the core of our funding requirements, and will continue to be so, as we grow the business over the coming years.

We continue to maintain strong relationships with all of our key stakeholders, including our members, regulators, the Bank of England, media and industry trade bodies. The credit ratings agencies, Moody’s and Fitch, both continued to assign long term ‘A’ ratings to the Society citing our resilient profitability, driven by a good interest margin and strong cost control.

## BOARD COMPOSITION AND CORPORATE GOVERNANCE

This will be my last Chairman’s statement, as I will retire at the Annual General Meeting (AGM) in March. In line with best practice, recommended by the UK Corporate Governance Code, we maintain a high level of skill and expertise on the Board. Succession planning is key to our ongoing prosperity and it is proposed that Robin Ashton, who joined the Board in April 2011, will follow me as Chairman.

To fill Board vacancies, we have engaged recruitment consultants, advertised nationally and considered a wide range of candidates, both internal and external, to ensure that we are able to meet the challenges and opportunities facing the Society both now and in the future.

Robin Litten was appointed Finance Director in January 2012. Robin has significant experience in the building society sector, having held senior positions with both Skipton and Scarborough building societies. He is a qualified accountant who has also worked in both banking and retail.

In December 2012, Karen Wint was appointed Operations Director. Karen first joined the Society in 1983 and has been a member of the senior management team for five years as General Manager, with responsibility for Customer Services. Karen is a member of Leeds City Council’s Housing and Regeneration Board and an Associate of the Chartered Institute of Bankers. She is the sister of Kim Rebecchi.

Last year, two non-executive Directors retired. I am pleased to report that we appointed David Fisher and Phil Jenks as non-executive Directors in March 2012. David is currently the Chairman of the Business and Oversight Board, and Chairman of the Remuneration Committee of the Law Society, and former Chief Executive of Sainsbury’s Bank. Phil is a specialist adviser to the Housing Finance

Select Committee, having previously held the role of Chief Operating Officer, Mortgages, at HBOS Plc.

In January this year, we appointed Philippa Brown as a non-executive Director. She is currently Chief Executive Officer of Omnicom Media Group UK. Her previous roles include that of Managing Director of IPC Media, part of the Time Warner Group, and Media Director of Bartle Bogle Hegarty.

These new Directors are all subject to election at this year’s AGM, to be held on 26 March, 2013, and a summary of their details, and those of Peter Hill and Kim Rebecchi, who are subject to re-election, can be found on pages 14 and 15. All these Directors bring a range of knowledge, skill and experience to the Board that will help ensure our continued success and I ask you to support their nominations.

Executive pay and performance continue to be closely scrutinised and objectives are aligned with our Corporate Plan, recognising short, medium and long term goals. The very strong results this year mean that performance-related awards have been made to the senior executives and the majority of our colleagues. Details are contained in the Directors’ Remuneration report on pages 19 and 20.

## SUMMARY

I am able to step down as Chairman in the confidence that the Society is in an extremely strong position. Assets exceed £10bn, we have achieved good levels of profitability and increased capital and reserves to record levels. My thanks go to my professional and dedicated colleagues who have worked tirelessly over many years to deliver these excellent results and a superior service to our members.

I would like to extend my best wishes to my proposed successor, Robin Ashton, and know that the Society’s Senior Management Team, led by our Chief Executive, Peter Hill, has all the attributes needed to ensure that your Society continues to be successful.

Finally, I would like to thank you, our members, for all your support and commitment. Leeds Building Society would not exist without you and I have been privileged to serve you as Chairman for the last six years. I am delighted that you choose to be part of such a successful and independent institution.



**Robin Smith**  
Chairman

18 February 2013



# Chief Executive's Review

For the year ended 31 December 2012

## 2012 Business Highlights:

- New mortgage lending increased by 35% to £1.65bn (£1.23bn 2011) which is significantly above our market share
- Net residential lending of £737m (£300m 2011) is our best ever performance
- Savings balances grew by £384m (£329m 2011) to £7.74bn, the highest level in our history
- Assets increased by 5% to a record £10.32bn (£9.86bn 2011)
- 61,000 new members were attracted, taking total membership to a record 696,000
- Pre-tax profit rose by 4% to £52.4m (£50.2m 2011)
- Capital and reserves increased by 7% to a record £614m (£572m 2011)

Leeds Building Society has performed very strongly in 2012 and delivered a record performance in both our mortgage and savings markets. Residential mortgage completions increased by 35% to £1.65bn, net lending was almost two and half times higher than 2011, at £737m, and retail savings balances grew by £384m, a rise of 5%. I am also delighted that assets and membership numbers are the highest in our history and capital and reserves are at record levels.

This has been achieved in the context of continuing challenges for the financial services sector and the UK economy as a whole, combined with a mortgage market that has seen very little growth in recent years.

## SOCIETY'S STRATEGY

Following my appointment as Chief Executive, I stated that my approach would be evolutionary, not revolutionary. Building on solid foundations, we have now developed a strategy to deliver the Society's vision, "to be Britain's most successful building society", outlined by the Chairman, Robin Smith, on page 4.

The strategy is built on four pillars:

1. To generate strong levels of profit, which are retained in the business to build a solid platform for growth and continuing financial security.
2. To support the aspirations of a wide range of borrowers and savers, in particular those who are not well served by the wider market.

3. To deliver outstanding personal service to all our members.

4. To continue to reinvest in the business to improve efficiency, whilst being intolerant of waste.

In addition to developing the vision, your Society has made excellent progress in 2012 to implement the strategy.

## BUSINESS PERFORMANCE

Retail savings continue to play an important role in our funding strategy. The Society attracted over £2.4bn of deposits in 2012, and total balances increased to a record £7.74bn. Our net savings grew by £212m (excluding capitalised interest) in a market that contracted for building societies and 39,000 new savings members were attracted by the security and value we provide. The Member Loyalty Bond was once again very popular and I am pleased that we are offering another exclusive product this year. Our branches play an important role in serving our members and this was endorsed when we won in the 'Best Regional Branch Network' category at the 2012 Your Money Direct Awards.

The Retail Distribution Review (RDR) represents a fundamental change from the current position on the high street. The Board held the view that, at a time when many other high street institutions are turning their backs on this type of service, with some focusing solely on high net worth customers, Leeds Building Society should continue to offer an advice service that complements

# “Leeds Building Society has performed very strongly in 2012 and delivered a record performance in both our mortgage and savings markets.”

our traditional building society savings accounts. We considered a range of possible partners, and decided to work with Legal & General, who have become the Society's main provider of advice to our members on investment and protection products.

Our ability to attract both retail and wholesale funding has enabled us to grow our lending further in 2012. New residential loans increased by 35% to £1.65bn, compared to £1.23bn a year earlier, and this represents almost double our market share. We have particular expertise in the Shared Ownership market, which is very popular with first time buyers, and we have also developed a number of Local Authority Mortgage Schemes (LAMS). These provide 95% loan-to-value loans to people who can afford the mortgage repayments, but are unable to provide a large deposit.

We believe that providing mortgages designed specifically for first time buyers plays an important role in supporting home ownership, the housing market and the wider economy and I am delighted that £497m of our new lending, almost 30%, has helped 5,700 first-time-buyers onto the housing ladder. Including these mortgages, the average loan-to-value on all new lending in 2012 was still only 56% (51% 2011).

A large proportion of our new mortgages came through intermediaries and our strong market proposition was recognised at the Legal & General Mortgage Club Awards, where we won the title of 'Best Regional Lender'. We also work hard to ensure that our processes are efficient and this was acknowledged when we won the Mortgage Finance Gazette 'Best Use of Technology Award for Lenders'. Through the capability of our colleagues, we were able to reduce costs, enhance communication and improve the efficiency of our mortgage offer process, resulting in all documentation being sent to solicitors by secure e-mail and instant delivery, rather than by post.

We continue to reinvest in the long-term prosperity of the Society as we develop a solid platform for growth, and I am delighted that we have been able to create over 30 new roles in 2012. As a result, our cost income ratio increased slightly to 33%, from 31% a year earlier, as did our cost asset ratio, from 48p per £100 of assets to 49p as at 31 December 2012. These ratios remain amongst the best in the building society sector.

Economic conditions remain challenging, maintaining the pressure on household budgets. We work closely with those borrowers experiencing financial difficulty and offer a range of forbearance options. Despite these headwinds,

residential arrears (1.5% or more of outstanding mortgage balances) reduced from 3.23% in 2011 to 2.89%.

The charge for impairment losses reduced by £6.6m, to £41.9m, in 2012. As a result, the total residential and commercial balance sheet provisions are £80m (£85m 2011), leaving the Society well covered for losses.

We no longer have any Treasury or Sovereign debt exposure to the so-called 'peripheral' Eurozone countries of Portugal, Italy, Ireland, Greece or Spain.

We have again delivered a strong pre-tax profit performance of £52.4m (£50.2m 2011), which has enabled us to further increase the security of our members' savings as capital and reserves increased by 7%, to £614m (£572m 2011). Only 4.2% of this is in the form of borrowed capital, the lowest ratio of the larger building societies. Our Core Tier 1 capital ratio strengthened to 14.3% from 13.8% in 2011, and total assets rose to £10.32bn (£9.86bn 2011), including liquid assets of £1.75bn, representing 18.5% of total funds.

Whilst there are many aspects to delivering a performance that is 'Best for Business' and 'Best for Members', I believe that our ability to provide competitive savings accounts, help people onto the housing ladder, and deliver sector leading efficiency are the key components of our success in 2012.

## MEMBER ENGAGEMENT

As an independent mutual owned by our members, I am particularly pleased that, during my first full year as Chief Executive, we have attracted 61,000 new members, and total membership is at a record high of 696,000.

We carry out regular independent member surveys and satisfaction scores remain consistently high, at an average of 95% in 2012. It is also pleasing to know that 93% of those surveyed would recommend Leeds Building Society to their family and friends. We also use the industry standard metric of Net Promoter Score (NPS), which measures the likelihood of a customer recommending a product or service. Our NPS of +54 benchmarks very well against the industry.

This research provides insight into how we are perceived as an organisation. However, we are not complacent and encourage feedback from all of our key stakeholders, and especially our members, on both positive and negative experiences. Our success has been built on listening and adapting quickly, we take corrective action where

# Chief Executive's Review *continued*

For the year ended 31 December 2012

necessary, ensuring that any issues are eradicated and enhancements made where possible.

Our 'Nominate a Star' scheme encourages customers to recommend a colleague or a team that has delivered outstanding customer service. I am very proud to report that there has been a superb response in 2012 and we received 460 nominations from members providing excellent feedback about colleagues across the business.

All of the Society's members also have an opportunity to comment and have their say on the Society's performance and direction at our Annual General Meeting (AGM). As a mutual, we operate a 'one member, one vote' system and members can cast their vote in a variety of ways, including at their local branch, online or by post. We encourage all our members to use their vote and I would urge you to do so at this year's AGM.

## PEOPLE

Our colleagues play a vital role in our success and I am, therefore, delighted that our status as an 'Investor in People' was re-affirmed last year. There were many highlights in the report. Colleagues have a high degree of understanding around our vision, feel truly engaged and proud to be working for the Society, and welcome our very open and honest approach to leadership and management.

Each year we seek feedback from all our colleagues and the 2012 survey maintained high engagement levels, which benchmark well against the average for our industry. The average length of service for our colleagues is almost eight years. Over half have been with the Society for more than five years. Indeed, we have 100 colleagues with over 20 years' service and a further nine with over 40.

All of our colleagues benefit from a structured personal development plan and regular training to support career progression. As part of the work undertaken to deliver our ten-year vision, we will focus on recruiting and retaining the best talent and being 'Best for Colleagues'.

## CORPORATE CITIZENSHIP

It is important that we take a responsible approach to everything we do and deliver value, security and sustainability to all our current and future stakeholders. We conduct our business in an ethical way, balance the interests of all our key stakeholders, including the wider

community, and are a responsible corporate citizen. We published our first Corporate Responsibility report in January last year and have continued to develop our approach. We focus on four main areas of impact; community, members, colleagues and the environment.

As the UK's 5th largest building society, we have a national presence and our network of branches, and processing centres, play an important role in their local community. Therefore, we have developed our charity and community giving to provide a sustainable contribution to large national charities and local community causes.

Our partner charities are Age UK, Marie Curie Cancer Care, Variety – the Children's Charity and Leeds Building Society Charitable Foundation. They benefit from our Caring Saver Account, which pays 1% of the average balances held over the year, and our 'Your interest...' in theirs' scheme, where members donate the pence amount of any interest they earn on their savings. We also make a donation for each vote cast at our AGM, and you can choose from the British Heart Foundation, WWF-UK (World Wide Fund for Nature), Help for Heroes, St. George's Crypt and our own Foundation, to receive the funds from your vote.

Our Heads of Department once again undertook a number of fund raising activities throughout 2012 for St. Gemma's Hospice, Tiny Lives and Martin House Children's Hospice. Our 'Matched Funding' scheme, which looks to support everyone at the Society with their charitable fundraising, has also been very successful. Through all of these initiatives, worthy causes have received £133,000 during the year, of which we are very proud.

We are aware that we can always do more to help and have launched the 'Lending a Hand' scheme, which enables all of our colleagues to spend a day volunteering in the community. The first to benefit from this was St. George's Crypt, when we held a food collection day in December. Over 1,500 tins and packets of dried food were donated and these were distributed to people in Leeds who desperately needed it.

Since its inception, the Leeds Building Society Charitable Foundation has donated almost £1.25m to charities located within fifteen miles of our branches and offices. Each donation looks to support community based projects which aim to provide relief from suffering, hardship or poverty, or their direct consequences.

We continue to focus on minimising our impact on the environment. During the branch refurbishments and



“I am also delighted that assets and membership numbers are the highest in our history...”

upgrades carried out this year we have, wherever possible, incorporated energy efficient technologies. We have an active recycling and waste management policy, which has enabled us to recycle more than ever and reduce landfill, and we work in partnership with our suppliers to minimise carbon emissions.

We have also maintained our sporting affinities and agreed a new three-year sponsorship of Leeds Rhinos for the 2013, 2014 and 2015 seasons, as this is a very effective way of raising awareness of the Society. The new deal is the third successive three-year sponsorship agreed between us and, during the first six years, Leeds Rhinos have won eight major trophies, which is an outstanding achievement.

## OUTLOOK

The challenging economic environment looks set to remain, with most forecasters predicting little or no improvement in the economy. This means the mortgage and savings markets are unlikely to improve materially in 2013, and the Bank of England Base Rate is likely to remain at its historic low for the foreseeable future.

Uncertainty continues in the eurozone, as the UK struggles to rebalance the economy and bring the deficit under control. Inflation looks set to continue to fall slowly and is likely to remain above wage growth. Household budgets will continue to experience pressures as the austerity measures look likely to continue for longer.

The regulatory environment continues to change. We have already successfully implemented our Retail Distribution Review strategy and look forward to working with the Financial Conduct Authority and Prudential Regulation Authority when they come into effect on 1 April this year. The new rules from the Mortgage Market Review will also be effective from April 2014.

Notwithstanding this, we are extremely well placed to continue our outstanding performance, providing our members with good value for money savings products and helping people to buy their own homes. Leeds Building Society is a profitable, well capitalised business and this gives us the opportunity to achieve our growth aspirations in 2013 and beyond.

It has been a pleasure to present my first full year's results which have been achieved in difficult economic conditions, and I would like to thank the Board of Directors and my dedicated and talented colleagues for their contribution.

We are committed to remaining independent and you, our members, remain at the heart of everything we do. I would like to thank you for your continued support as we look forward to further success together in 2013.



**Peter Hill**  
Chief Executive  
18 February 2013

# Charity and Community

## Your communities at the heart of your Society

Charitable fundraising is central to the culture at Leeds Building Society, and this was in evidence throughout the year.

A record amount of £22,000 was raised by colleagues for the Heads of Department charities in 2012. The funds were split between St. Gemma's Hospice, Martin House Children's Hospice and Tiny Lives special care baby unit. Our matched funding scheme, which looks to assist colleagues with their support for good causes, donated an additional £5,000 last year.

A team of fourteen staff from our Sales and Operations Team contributed £3,000 via the 'JubiLeeds Big Bike Ride' during September and October 2012. The team cycled between 60 of our branches, from as far north as Morpeth to as far south as Southampton.

Graham Binns, Regional Sales Manager, said "Despite not being a regular cyclist and having aching legs it was well worth all the effort".



Members of the JubiLeeds Big Bike Ride team are pictured outside the Leeds Building Society Head Office. From left to right are Wayne Robinson, Tim Batten, Paul Kaye, Dave Welsh, Steven Nichols, Trevor Garside, Graham Binns, Andrew Medling and Richard Neal.



The Society recognises its role within the areas around its branch network and processing centres, and proactively supports local initiatives. During 2012, we launched the 'Lending a Hand' scheme, which enables all our colleagues to spend a day volunteering in the community.

This initiative was embraced by seven colleagues from our North East branches who went to work for Sustrans, which created the Consett to Sunderland Railway Path. They spent the day working on improving the path between Annfield Plain and Leadgate by picking up litter, painting bridges and cutting back vegetation.

Angela Rowley, Branch Manager at our North Shields branch, was one of those who took part. She said, "The colleagues involved were given a real sense of supporting their local area and environment. It was great to be able to have a positive impact and make the path cleaner, tidier and a more pleasant route for all members of the community".

Pictured are the seven colleagues volunteering in their local community.

# Charity and Community

## You, our members, support worthy causes

Our charity affinity accounts are designed to offer customers a competitive rate of interest, whilst providing sustainable support for worthy causes. In 2012, we ran an affinity savings bond in conjunction with one of our partner charities, Marie Curie Cancer Care. The donation of £10,000 was accepted by Andrew Gale, Yorkshire County Cricket Club captain and Brian Curran, Marie Curie, from Gary Brook, Head of Corporate Communications.



Andrew Gale, Gary Brook and Brian Curran.

Our other partner charities are Age UK, Variety – the Children's Charity and the Leeds Building Society Charitable Foundation. You, our members, have donated almost £48,000 split equally between the four charities in 2012, by kindly agreeing to donate the pence amount of your interest via the 'Your interest... in theirs' scheme. These charities also shared almost £30,000, 1% of the average balances in all Caring Saver accounts, last year.

Therefore, each partner charity received a total donation of £19,235 from these two initiatives. Actress and presenter Lynda Bellingham took time out from her starring role as the Fairy Godmother, in Cinderella at Bradford's Alhambra Theatre, to accept this vital donation on behalf of Age UK from Paul Kaye, General Manager Sales.



Lynda Bellingham and Paul Kaye.

In addition to this generous support for our partner charities in 2012, our members also contributed over £10,000 through their votes at our Annual General Meeting. The Society makes a donation, 10p for a postal vote and 20p for an online vote, and you choose from the British Heart Foundation, WWF-UK (World Wide Fund for Nature), Help for Heroes, St. George's Crypt and our own Foundation to receive the funds from your vote.

## Supporting grass roots sport

We continued our strong relationship with Leeds Rhinos and agreed a new three-year sponsorship for the 2013, 2014 and 2015 seasons. This is a very effective way of raising awareness of the Society, and the new deal is the third successive three-year sponsorship. During the first six years, Leeds Rhinos have won eight major trophies, which is an outstanding achievement.

The Society is keen to support grass roots rugby in its heartland, and our Blue & Amber affinity account has already contributed over £320,000 for the development of junior rugby and supported Leeds Rhinos' excellent community programmes.

We also have affinity accounts with Leeds United, Huddersfield Giants, Doncaster Rovers and Bradford City. These five sporting teams received a combined donation of £97,000 in 2012, bringing the total benefit to over £1m since the accounts were launched.



Peter Hill, Chief Executive (second from left) and Kim Rebecchi (sixth from left) Sales and Marketing Director, pictured with the Rhinos.

# Highlights of the Year 2012

## Your award-winning society



Austin Healey (former Rugby Union player), Phil Coombes (Head of Intermediary Sales) and Stephen Smith (Legal & General).

Your Society received numerous awards during 2012 and these external endorsements recognise our good value products and superior service.

We won the title of 'Best Regional Branch Network' at the Your Money Direct Awards 2012. The judges were impressed with the geographic spread covered by our branches and praised the wide range of products we offer. Particular praise was given to our mortgage offering, especially our first time buyer range. Your Money described Leeds Building Society as a "Super Mutual Provider" stating, "Staff members in its

branches are knowledgeable and enthusiastic about the products on offer, a passion shared by its loyal customer base".

The Society was also named 'Best Regional Lender' at the 2012 Legal & General Mortgage Club Awards. This accolade, received by us for the second successive year, is evidence of the excellent service the Society has given to intermediaries. Ben Thompson, Managing Director of Legal & General Mortgage Club said, "Stepping up as others scale back, Leeds has provided tremendous support to the intermediary sector".

Another major award was the Mortgage Finance Gazette (MFG) 'Best Use of Technology Award for Lenders'. Joanne Atkin, Editor of MFG said, "By developing a secure email system for sending mortgage documents, solicitors can now receive the offer within seconds of it being produced. The result is that Leeds Building Society has reduced costs on paper and posting, speeded up the mortgage offer process and made sure it is secure. The judges like the way Leeds Building Society always strives to improve the experience for its customers and to keep costs at a minimum – as a true mutual should".



Joanne Atkin, Editor of Mortgage Finance Gazette, is pictured (right) presenting the award to Yvonne Langley-Brook (Head of Mortgage Lending).

# Highlights of the Year 2012

## Colleagues' performance recognised

Our colleagues are vital to everything we do and play a key role in our success.

The prestigious annual 'Branch Customer Adviser of the Year award' is open to any adviser from across our branch network, with nominations submitted by the Society's Regional Sales Managers. The award, now in its 3rd year, was presented at a special luncheon for the 18 shortlisted candidates and six regional winners.



Peter Hill (Chief Executive), Paul Kaye (General Manager Sales), Alison Barrans, Trevor Garside (Head of Sales) and Kim Rebecchi (Sales and Marketing Director).

Alison Barrans from our Bradford branch scooped the 2012 award. Our national branches play an important role in their community, and this was underlined by Alison donating £100 of the vouchers she received for winning this award to the local children's toy library at St. Luke's hospital. At our annual Conference, the team in Epsom was crowned as 2012 Branch of the Year. Customer feedback within the branch has been excellent, with many complimentary letters.



From left to right Paul Kaye (General Manager Sales), Peter Hill (Chief Executive), Brian McDermott (Leeds Rhinos Head Coach), Susan Hurst (Epsom Branch Manager) and Kim Rebecchi (Sales and Marketing Director).

Announcing Epsom as the branch of the year Paul Kaye (General Manager Sales) said, "Susan Hurst (Epsom Branch Manager) had a vision in 2012 which she executed effectively and this, coupled with external development relationships through local housing associations, charities and networking has produced a fantastic set of results".

At Leeds Building Society, we are passionate about delivering excellent customer service. Our 'Nominate a Star' scheme encourages you, our members, to praise a colleague or team from whom you have received outstanding customer service. We received an incredible 460 nominations during the year, which included some terrific accolades for our people.

At the annual 'Excellence in Action' awards luncheon the 'Nominate a Star – Star of Stars Award' was won by Marc Thompson, from our Direct Sales team, and Jane Charles, from Nottingham branch, who received the most nominations.

In addition to recognising our top performer from member nominations, we also recognise our outstanding colleague, proposed and voted for by their peers. The 2012 'Excellence in Action' winner was John Scally, Regional Sales Manager, whose Leeds region was the most successful area.



John is shown receiving his Annual Excellence in Action award from Peter Hill (Chief Executive).

Bev Nugent, who works alongside John as his Regional Operations Manager said, "John is highly intuitive about people and their development potential. He is passionate about the development of his colleagues, and has also supported Regional Sales Managers across the network to empower their branch managers to develop themselves".

# Board of Directors



**ROBIN SMITH (70)**

I became the Society's Chairman in 2007. I am proud of the Society's Board commitment to mutual status and how its Executive Team has responded to the market challenges of recent years. I practised as a solicitor, ultimately becoming senior partner of my firm (now DLA Piper). I am a non-executive director of Bartlett Group (Holdings) Ltd, Yorkshire County Cricket Club and maintain my links with the Territorial Army. I am also involved with a number of local and national charities.



**PETER HILL (51)**

I joined the Society in 2001 as a Senior Manager and was appointed to the Board, as Operations Director, in 2006. I became Chief Executive in 2011. My vision is to create Britain's most successful building society, which means providing members with the best products and service, having the best working environment for colleagues and delivering the best financial performance. I am an active contributor to the Leeds and Yorkshire business community and a member of the Council of Mortgage Lenders Executive Committee. I am married with two sons at secondary school.



**ROBIN ASHTON (55)**

I joined the Board as a non-executive director in April 2011. I am a member of the Group Risk, Assets & Liabilities and Nominations Committees as well as chairing the Board Credit Committee. I am a Chartered Accountant and spent my executive career in retail financial services. I am also a non-executive director of Shawbrook Bank Ltd and Albemarle & Bond Holdings

Plc. I am married with three children and my interests include reading and motorsports.



**PHILIPPA BROWN (46)**

I joined the Board as a non-executive Director in January 2013 and bring a strong consumer and marketing perspective to the role. I am also a member of the Group Risk Committee. Putting the interests of the members at the heart of the business provides a strong point of difference and one of the reasons why the Society has been so successful. I have been employed in marketing and

advertising for 25 years and am Chief Executive Officer of a UK leading media agency, Omnicom Media Group UK. Outside of work I enjoy swimming and have two children. I also support Breakthrough Breast Cancer and Childline.



**DAVID FISHER (54)**

I joined the Board in March 2012. I am a member of the Assets and Liabilities Committee, Remuneration Committee and a Pension Scheme Trustee. I started my Financial Services career with Halifax Building Society 23 years ago. Prior to joining the Leeds I was Chief Executive of Sainsbury's Bank. I am delighted to have been given the opportunity to return to my mutual roots and to join a board

totally committed to mutual status. I hold a number of other directorships and advisory roles. Outside of work, I am married with two daughters. I am a keen runner and completed my first marathon in 2012.



**PHIL JENKS (62)**

I joined the Board in March 2012 and am a member of the Society's Credit, Risk and Conduct Committees. I have almost 40 year's experience in financial services and have extensive knowledge, particularly of mortgages and savings. I am a Non Executive Director at Charter Court Financial Services Group and work as a consultant for a number of organisations including the Government on housing-related projects. I fully appreciate the importance of mutuals and am proud to be a director where the focus is on getting things right for customers. I am married with three children and outside of work I enjoy walking, going to the theatre and watching sport.

“In my final year as Chairman, I am proud to report that Leeds Building Society has delivered another very strong set of financial results for 2012.”



**ROBIN LITTEN (49)**

I am delighted to have joined the Society in January 2012. I have spent my career in retail and financial services and joined the Society from Skipton Building Society where I was Chief Commercial Officer. My previous roles include Deputy Finance Director at Barclaycard, Finance Director at Barclays Private Banking, Group Finance Director and Chief Executive at Scarborough Building Society. Outside

work, I enjoy spending time with my family, playing squash and cycling.



**LES PLATTS (59)**

I joined the Board in 2010 and I am Chair of the Remuneration Committee and a member of the Audit and Conduct Risk Committees. I am a Chartered Accountant and was the Senior Partner for Deloitte in their Leeds office. The Society, with its proud history and firm commitment to mutuality, is a very strong part of the Leeds business community.

I am also a director of an investment administration business. I am married with two children and outside of work I support the NSPCC. I am also a keen follower of cricket, football and rugby.



**ABHAI RAJGURU (47)**

I joined the Board in 2008 having spent my career in the financial services sector. I hold a number of directorships including a private equity firm and a hospital trust. I serve on the Society's Audit, Assets & Liabilities and Group Risk Committees. I am proud to be a member of the Board of the Society, which, as a mutual, has remained focussed on delivering value to its members. Much of my time outside

work is taken up by my young son, and I also enjoy music, films and motorsports.



**KIM REBECCHI (46)**

I am a Chartered Banker and joined the Board in 2009, having worked for the Society since 1988. I have executive responsibility for distribution, product development, marketing and am also Chairman of Headrow Commercial Property Services. As an active Rotarian, I am involved with a number of Leeds-based charities and sit on Cancer Research UK's Regional Advisory Board. Having

grown up in Leeds, I am proud to be on the Board of the only mutually owned financial services organisation with its Head Office in Leeds. I enjoy spending time with my family and friends and have a love of the great outdoors.



**IAN ROBERTSON (65)**

I joined the Board in 2008 and am a member of the Audit, Group Risk and Credit Committees. I am proud to work with such a highly regarded local institution and to help further enhance its reputation as a leading example of the benefits of mutuality. I was President of the Institute of Chartered Accountants of Scotland in 2004/5 and I am Chairman of the Advisory Audit Board of the Scottish

Parliament Corporate Body and a Director of the Homes and Communities Agency for England. Outside work I am a keen reader and love music.



**BOB STOTT (69)**

I joined the Board in 2008, following my retirement as a director of Wm Morrison Supermarkets plc and was appointed Vice Chairman in 2011. I am a member of the Society's Remuneration and Nomination Committees and I chair the Trustee Board of the Staff Pension Scheme. I hold five other directorships and I am also a Trustee of the YCCC Charitable Youth Trust. Mutuality for me means that our

endeavours can be focused entirely on our members. I enjoy spending time with my family and I follow most team sports.



**KAREN WINT (47)**

I was very proud to be appointed to the Board in December 2012 as Operations Director, having first joined the Society when I left school almost 30 years ago. I am delighted that our passion to deliver great service and value for our customers has remained strong. In my role I drive our continuous improvement culture through our people strategy and am responsible for business systems and

customer service. I sit on Leeds City Council's Housing & Regeneration Board and am a Chartered Banker. I enjoy walking and spending time in the Yorkshire Dales.

# Summary Financial Statement

For the year ended 31 December 2012

The Directors have pleasure in presenting the Summary Financial Statement of the Society and its subsidiaries ('the Group') for the year ended 31 December 2012. The Statement is a summary of information published in the audited Annual Accounts, Directors' Report and Annual Business Statement, all of which are available to Members and Depositors, free of charge, on request at any branch from 12 March 2013, or from the Society's website ([www.leedsbuildingsociety.co.uk](http://www.leedsbuildingsociety.co.uk)).

The auditor's report on the Society's full Annual Report and Accounts was unqualified.

**Approved by the Board of Directors on 18 February 2013 and signed on its behalf by:**



**Robin Smith**  
Chairman



**Peter Hill**  
Chief Executive



**Robin Litten**  
Finance Director

## Summary Directors' Report

The Summary Directors' Report for the year ended 31 December 2012 comprises the Chairman's Statement on pages 4 to 5 and the Chief Executive's Review on pages 6 to 9.

The Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has continued to be adopted in preparing the Annual Report and Accounts.

# Notes to Summary Financial Statement

### Gross capital as a percentage of shares and borrowings

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

### Liquid assets as a percentage of shares and borrowings

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

### Profit for the year as a percentage of mean total assets

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

### Management expenses as a percentage of mean total assets

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 (or administrative) expenses consist mainly of the costs of employing staff, running the Group's branches, information technology costs, advertising and other office costs. Expenses need to be controlled so that the Group operates as efficiently as possible while providing the service that members require.



# Summary Financial Statement *continued*

For the year ended 31 December 2012

<b>Results for the year 2012</b>	<b>2012</b>	<b>2011</b>
	<b>£M</b>	<b>£M</b>
Net interest receivable	133.2	127.6
Other income and charges	17.0	21.3
Fair value gains less losses on financial instruments	0.7	0.1
Administrative expenses	(49.7)	(46.6)
Impairment losses	(41.9)	(48.5)
Investment property fair value movement	(1.1)	(0.3)
Provisions for liabilities and charges	(5.8)	(3.4)
<b>Profit for the year before taxation</b>	<b>52.4</b>	<b>50.2</b>
Taxation	(13.0)	(13.6)
<b>Profit for the year</b>	<b>39.4</b>	<b>36.6</b>
<b>Financial position at the end of the year</b>		
<b>Assets</b>		
Liquid assets	1,748.7	1,979.8
Mortgages	8,047.8	7,372.0
Other loans	227.5	224.7
Derivative financial instruments	118.9	139.5
Fixed and other assets	173.0	143.7
<b>Total assets</b>	<b>10,315.9</b>	<b>9,859.7</b>
<b>Liabilities</b>		
Shares	7,738.3	7,354.2
Borrowings	1,721.4	1,679.6
Other liabilities	93.9	106.8
Derivative financial instruments	148.5	146.7
Subordinated liabilities	0.9	0.9
Subscribed capital	25.0	25.0
Reserves		
General reserves	560.8	522.7
Other capital	27.1	23.8
<b>Total reserves and liabilities</b>	<b>10,315.9</b>	<b>9,859.7</b>
<b>Summary of Key Financial Ratios</b>		
Gross capital as a percentage of shares and borrowings	6.49%	6.38%
Liquid assets as a percentage of shares and borrowings	18.49%	21.92%
Profit for the financial year as a percentage of mean total assets	0.39%	0.38%
Management expenses as a percentage of mean total assets	0.49%	0.48%

# Summary Financial Statement *continued*

## Auditor's statement on Summary Financial Statements

### Independent auditor's statement to the members and depositors of Leeds Building Society

We have examined the Summary Financial Statement for the year ended 31 December 2012 which comprises the results for the year, financial position at the end of the year and summary of key financial ratios together with the summary Directors' Report.

This report is made solely to the Society's members, as a body, in accordance with section 76(5) of the Building Societies Act 1986.

Our work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, for our audit report, or for the opinions we have formed.

### Respective responsibilities of directors and auditor

The directors are responsible for preparing the Summary Annual Report containing the Summary Financial Statement, in accordance with applicable United Kingdom law.

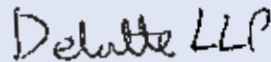
Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Summary Annual Report with the full Annual Report and Accounts, Annual Business Statement and Directors' Report and its conformity with the relevant requirements of Section 76 of the Building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

We also read the other information contained in the Summary Annual Report containing the Summary Financial Statement as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the Society's full Annual Report and Accounts describes the basis of our audit opinion on those financial statements.

### Opinion

In our opinion the Summary Financial Statement is consistent with the full Annual Report and Accounts, the Annual Business Statement and Directors' Report of Leeds Building Society for the year ended 31 December 2012 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made thereunder.



**Deloitte LLP**

Chartered Accountants and Statutory Auditor  
Leeds, United Kingdom  
18 February 2013

# Summary of the Directors' Remuneration Report

The Remuneration Committee, which comprises solely of non-executive directors, under delegated authority from the Board, is responsible for the Society's Remuneration Policy and ensures the Society follows best practice and meets regulatory disclosure requirements.

In the Chief Executive's statement, you will have read the positive comments he has made regarding the Society's strong performance in 2012. It is in this context that the Remuneration Committee has determined the awards to executive directors and senior managers for 2012. In summary; the Chief Executive's basic pay increased by 8.3%, reflecting a successful first full year in post and a benchmarking of his position versus other 'in post' Chief Executives. Other executive directors' pay and that of the Chairman increased on average by 2.6% compared with 3.12% on average for all other employees. The 2012 Executive Director bonus scheme has generated payments of between 61% and 63% of salary, reflecting between 82% and 83% of the total opportunity.

The Remuneration Committee pays close attention to the Regulatory environment in respect of Remuneration matters as well as general developments in Corporate Governance.

The Committee is also very focussed on ensuring we set our remuneration policy so we can (i) attract and retain the Society's most senior executives, (ii) reward performance in line with the Society's annual business plan and our ten year vision and (iii) recognise our commitment to providing value for money for our members. More detailed information is provided in the Report and Accounts.

## Remuneration Policy

As a mutual organisation, and in support of the Society's aim to be **'Best for Members, Best for Business, Best for Colleagues'**, the Society's Remuneration Policy is designed to help attract, retain, reward and motivate our leadership team to enable the delivery of business objectives, whilst providing value for members.

In delivering this Policy, the following principles are observed:

- Our remuneration policy is clearly linked to our business strategy and the long term interests, and security, of the Society.
- We will ensure our pay policies meet regulatory requirements and Corporate Governance best practice.
- We will use a balance of fixed and variable remuneration to create an acceptable relationship between risk and reward.
- Basic Pay and total remuneration is set at a competitive level to attract and retain people of the required calibre.

## Summary of Executive Director Remuneration Arrangements and Performance for 2012

Executive directors' remuneration currently comprises an annual salary, annual bonus scheme, pension scheme membership and health care insurance. The Remuneration Committee considers that the overall package structure is balanced, from the perspective of fixed versus variable pay, the scorecard of measures and the phased delivery of reward over time.

In 2012 we revised the structure of our executive incentive

plans. The purpose of the review has been to create a single scheme, which measures performance, as follows:

- The performance objectives are aligned with our Corporate Plan, recognising short, medium and long term goals. The maximum opportunity has increased from 60% to 75% of basic salary, as a result of benchmarking.
- The performance of the executives is assessed against a scorecard of measures, to ensure significant reward cannot be achieved by the delivery of high performance in one area, to the detriment of another.
- Robust risk evaluation measures, independently assessed by the Chief Risk Officer and Chairman of the Group Risk Committee.
- A deferral of 40% of the award, over a three year period, to ensure the annual performance creates value sustained over the longer term. Independent assessment takes place prior to the payment of each deferred award, which provides the Remuneration Committee with the authority to make a reduction in the level of award payable (down to a minimum of zero), if appropriate.
- The risk adjustment mechanism also considers the continued strength of our capital base.

The performance indicators used to determine the awards under our variable pay plans are approved by the Remuneration Committee at the start of the year and reflect the areas that deliver value for our members. In determining the Society's and individual directors' performance against the agreed annual indicators, the Committee concluded that the executive team had delivered a good performance in a challenging economic environment.

Details of the directors' remuneration for 2012 and prior year comparatives are shown in the table overleaf. Full details are included in the Report and Accounts.

## Pensions

P. A. Hill, R. S. P. Litten and K. R. Wint are members of the defined contribution section of the pension scheme. P. A. Hill has opted for a cash allowance in respect of any contributions which exceed £50,000 in the year.

K. L. Rebecchi, in common with other employees who are members of the defined benefits section of the pension scheme, is entitled to a pension based on final pensionable salary and length of service. Benefits for executive directors who are members of the defined benefit section accrue at a rate of 1/45th of pensionable salary for each year of service, with a maximum pension of two-thirds of final pensionable salary.

In last year's report and accounts we advised that, following Government changes to the tax regime for occupational pensions, K. L. Rebecchi had elected to become a deferred member of the defined benefits pension scheme. It has transpired that the external advice provided to enable her to make this decision was incorrect. Therefore, the Trustees of the Scheme have agreed that this decision should be reversed, with appropriate adjustments made such that her benefits are the same, as if she had not ceased to accrue them.

# Summary of the Directors' Remuneration Report *continued*

## Service Contracts

Executive directors' service contracts include a notice period of twelve months, with the provision of a termination payment in lieu of notice up to twelve months' basic salary, although, for certain directors, this may be increased to two years in certain circumstances, where the Society effects a reorganisation such as a merger or transfer of the business. The non-executive directors do not have service contracts with the Society.

## Chairman and Non Executive Directors

The level of fees for non executive directors (excluding the Chairman) is reviewed annually, by the executive directors. The level of fees for the Chairman is reviewed annually by the Remuneration Committee, prior to a recommendation to the Board. The reviews are based on the responsibilities and time commitments required for Board and Board sub-committee meetings and also reflect practices in other comparable mutual financial services organisations. The Chairman and non executive directors

do not participate in any performance related pay scheme or receive any pension arrangements or other benefits. No Director participates in discussions when decisions relating to his or her own remuneration are made.

As reported last year, the time commitment for the Chairman has significantly increased and, following benchmarking, it was agreed in 2011 that the Chairman's fees should be substantially increased to £125,000p.a. An increase of 2.4%, to £128,000, was agreed for the Chairman in 2012. The Vice Chairman's fees were increased by 2.86% to £54,000, whilst the basic non executive director's fee was increased by 3.23% to £40,000.

## Remuneration Summary – Executive Directors

The total remuneration received by executive directors for 2012 is detailed below, compared with 2011. The summary for 2011 has been restated to include payments due in 2013 and 2014 under the closed Long Term Incentive Schemes and to show the pension contributions elected to be received as cash for K. L. Rebecchi.

## Details of Emoluments

### Executive Directors 2012

	Salary £000	Performance Related Pay <sup>(1)</sup> £000	Other Variable Pay £000	Total Pay Package £000	Increase in accrued pension £000	Society's contribution to pension scheme <sup>(2)</sup> £000	Total including accrued pension benefits £000
P. A. Hill	310	200	36 <sup>(3)</sup>	546	–	35	581
R. Litten	232	151	50 <sup>(4)</sup>	433	–	46	479
K. L. Rebecchi	187	117	(5) <sup>(5)</sup>	299	16 <sup>(6)</sup>	–	315
K. R. Wint*	16	4	–	20	–	–	20
<b>Total</b>	<b>745</b>	<b>472</b>	<b>81</b>	<b>1,298</b>	<b>16</b>	<b>81</b>	<b>1,395</b>

\*K. Wint appointed 1 December 2012

### Executive Directors 2011

	Salary £000	Performance Related Pay £000	Long Term Incentive <sup>(7)</sup> £000	Other Variable Pay £000	Total Pay Package £000	Increase in accrued pension £000	Society's contribution to pension scheme <sup>(2)</sup> £000	Total including accrued pension benefits £000
I. W. Ward*	265	179	88	–	532	8 <sup>(8)</sup>	–	540
D. Pickersgill**	133	–	–	–	133	4 <sup>(9)</sup>	–	137
P. A. Hill	247	73	90	–	410	–	58	468
K. L. Rebecchi	172	57	56	11 <sup>(5)</sup>	296	(4) <sup>(6)</sup>	–	292
<b>Total</b>	<b>817</b>	<b>309</b>	<b>234</b>	<b>11</b>	<b>1,371</b>	<b>8</b>	<b>58</b>	<b>1,437</b>

\*I. W. Ward retired 23 September 2011

\*\*D. Pickersgill retired as a Director 30 June 2011

#### Notes:

- (1) Total award in respect of performance in 2012. 40% of these awards will be paid in 2014 to 2016.
- (2) Defined Contribution Section
- (3) This director has elected to receive part of the Society's pension contribution as cash
- (4) Payment to compensate lost earnings on leaving Skipton Building Society
- (5) The 2011 figure is in respect of pension contributions elected to be received as cash. The 2012 figure is in respect of pension contributions received / repaid as cash
- (6) This director ceased to be an active member in 2011. However, this decision has been reversed, the director was reinstated in the scheme over the year and the appropriate adjustments made
- (7) The Long Term Incentive awards were in respect of performance for the years 2009 to 2011. 15% of these awards will be paid in 2013 and 2014.
- (8) This director ceased pensions accrual in 2010
- (9) This director ceased to be an active member of the scheme in 2011

### Non-Executive Directors

	2012 Fees £000	2011 Fees £000
R. A. Smith (Chairman)	126	94
S. R. G. Booth (Vice Chairman – resigned 23 September 2011)	–	36
R. W. Stott (Vice Chairman – appointed 26 September 2011)	53	44
C. M. Kavanagh – resigned 27 March 2012	9	38
J. N. Anderson – resigned 27 March 2012	9	38
R. J. Ashton – appointed 26 April 2011	43	27
I. Robertson	45	44
A. Rajguru	43	39
L. M. Platts	43	40
D. Fisher – appointed 27 March 2012	30	–
P. A. Jenks – appointed 27 March 2012	30	–
<b>Total</b>	<b>431</b>	<b>400</b>

# Notice of Annual General Meeting

For the year ended 31 December 2012

Notice is given that the 138th Annual General Meeting of the members of Leeds Building Society will be held on Tuesday 26 March 2013 at the Howard Assembly Room, Leeds Grand Theatre, 46 New Briggate, Leeds LS1 6NZ at 11.00am for the following purposes:

1. To receive the Directors' Report, Annual Accounts, Annual Business Statement and Auditor's Report for the year ended 31 December 2012.
2. To consider and if thought fit pass an Ordinary Resolution to re-appoint Deloitte LLP as Auditor until the conclusion of the next Annual General Meeting.
3. To consider and if thought fit pass an Ordinary Resolution to approve the Directors' Remuneration Report for the year ended 31 December 2012.
4. To consider and if thought fit elect or re-elect the following as Directors:
  - (a) to elect Philippa Anne Brown
  - (b) to elect David Fisher
  - (c) to re-elect Peter Anthony Hill
  - (d) to elect Philip Anthony Jenks
  - (e) to elect Robin Stephen Patrick Litten
  - (f) to re-elect Kim Louise Rebecchi
  - (g) to elect Karen Rita Wint

For directions to the venue, please see page 22.

By Order of the Board



**Andrew J. Greenwood**  
*Chief Risk Officer & Secretary*  
18 February 2013

## Notes

1. These Notes form part of the Notice of Meeting.
2. Under the Society's Rules, a member entitled to attend the Meeting and vote may appoint a proxy to attend and vote on his or her behalf. You may appoint the Chairman 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.
3. You may instruct your proxy how to vote at the Meeting. Please read the instructions on the Voting Form.
4. You are entitled to vote if:
  - Age** you are at least 18 on 26 March 2013, and
  - Membership** you (a) had a shareholding in the Society of at least £100 on 31 December 2012 or (b) owed at least £100 to the Society on a mortgage loan on 31 December 2012; and you are either a shareholding member (whatever your account balance is) continuously between 31 December 2012 and the voting date or a borrowing member (owing us at least £100) on the voting date; and you are the first named account holder in our records.

The voting date is either Monday 25 March 2013 if you are using a form to vote by proxy, or if you vote online, or Tuesday 26 March 2013 if you are voting in person at the Annual General Meeting.

5. Members attending the Meeting will be requested to produce their passbooks or other evidence of membership in order to obtain admission. If you are appointing a proxy, other than the Chairman 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.

**If you appoint a proxy to vote on your behalf and your proxy does not attend the Meeting, your vote will not be counted.**

# Notice of Annual General Meeting *continued*

## Explanatory notes

### The numbering of the items in these Explanatory Notes is the same as in the Notice of the Annual General Meeting.

1. The Directors' Report, Annual Accounts and Annual Business Statement are required to be received formally by members at the Meeting. The Society also adopts the convention of receiving the Auditor's Report.
2. It is a requirement that the Auditor is appointed by the members each year.
3. Although it is not a legal requirement, in line with current best practice, members are asked to approve the Directors' Remuneration Report.
4. Election and re-election of Directors.

Four of the Society's Directors, David Fisher, Philip Anthony Jenks, Robin Stephen Patrick Litten and Karen Rita Wint were appointed in 2012 and are seeking election at the Annual General Meeting. The Board of Directors consider that their skills, knowledge and experience complement and balance those of the other Directors. In addition one of the Directors, Philippa Anne Brown was appointed in 2013 and whilst there is no requirement to do so under the Society's rules, she is seeking election at the meeting.

Two of the Society's existing Directors are seeking re-election. Following formal appraisal, the Board is satisfied that Peter Anthony Hill, Chief Executive and Kim Louise Rebecchi, Sales and Marketing Director continue to be effective and demonstrate the necessary commitment to their roles.

The details of all the Directors seeking election or re-election are enclosed with this Notice. Full biographical details of all Directors are included on pages 14 and 15 together with those for the rest of the Board.

## Make your vote count...



To find out more about the importance of voting, there is a short video, featuring Peter Hill, Chief Executive at:

[www.leedsbuildingsociety.co.uk/whyvote](http://www.leedsbuildingsociety.co.uk/whyvote)

# Attending the Annual General Meeting

Tuesday 26 March 2013

## TRANSPORT LINKS

The Howard Assembly Room is located within Leeds Grand Theatre on New Briggate, Leeds.

The theatre is easily accessible by public transport. It is approximately 10 minutes walk from the main bus station and 15 minutes walk from the train station with many buses stopping in the immediate vicinity. For the most up to date information on local bus and train times, please check [www.wymetro.com](http://www.wymetro.com). There is also a taxi rank outside the theatre although we recommend booking a taxi in advance.

Parking is available at various nearby car parks, including Edward Street/Templar Street and the St John's and Merrion Centre shopping centres. A limited amount of on street parking is available near the theatre but this does tend to fill up very quickly.



# You vote – we donate

We have selected a range of charities supporting both local and national causes.

You can choose to support a range of local charities that operate close to one of our 65 UK branches. The Foundation has donated over £1 million since it was first set up.



BHF's vision of the world is one in which people do not die prematurely of heart disease. They achieve this through pioneering research, vital prevention activity and ensuring quality care and support for everyone living with heart disease.



This is an essential Leeds-based charity that has been providing help to homeless people in the city since 1930. It now helps in many different ways but the fundamental evening care remains in place, providing a meal and help for up to 130 people every day and it also offers full overnight facilities for 14 people.



The mission of the WWF – UK (World Wild Fund for Nature) is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by: conserving the world's biological diversity; ensuring that the use of renewable natural resources is sustainable; and reducing pollution and wasteful consumption.



Help for Heroes raises money to support members of the Armed Forces who have been wounded in the service of their country. They ask their supporters to "do their bit" to show these extraordinary young men and women that they are cared for by us.



## How to get in touch



Call into your local branch – full details can be found at:  
[www.leedsbuildingsociety.co.uk/contact](http://www.leedsbuildingsociety.co.uk/contact)



Or call our UK-based call centre, with calls answered personally by a member of staff, from 8am-8pm, seven days a week on **08450 505 065**

We may monitor and/or record your telephone conversations with the Society to ensure consistent service levels (including staff training).



Visit us online at:  
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EXCLUSIVE  
TO EXISTING  
MEMBERS

# Members Only

## 3-year Member Loyalty Bond

**GREAT RATE**

**2.50%**  
Gross<sup>1</sup>p.a.  
/AER<sup>2</sup>

Fixed until maturity  
(31 March 2016)

**GREAT ACCESS**

Penalty free withdrawals  
of up to

**50%**

of your capital investment  
can be made

- Withdrawals of up to 50% of your capital investment without notice or loss of interest prior to maturity. Further withdrawals are not permitted until maturity.
- Young Member option available.
- Minimum investment and operating balance £100.
- Maximum investment £25,000.
- Interest is paid annually on 31 March (commencing 31 March 2014) and on maturity.

**Available in branches,  
by post or online.**

**Limited Issue.**

**Guaranteed to be available  
until 26 March 2013.**

<sup>1</sup> Gross means the rate of interest payable before the deduction of income tax at the rate specified by law.

<sup>2</sup> AER stands for Annual Equivalent Rate and illustrates what the interest rate would be if interest was paid and added each year. Account not available in the Republic of Ireland. We may monitor and/or record your telephone conversation with the Society to ensure consistent service levels (including staff training).  
Rates correct as at 22/02/2013.

Leeds Building Society, 105 Albion Street, Leeds LS1 5AS.

**Call into your branch**

or call **08450 505 065**

Your call will be answered personally by our advisers from 8am-8pm, 7 days a week

[www.leedsbuildingsociety.co.uk/loyalty](http://www.leedsbuildingsociety.co.uk/loyalty)

**Leeds**  
Building Society