



**Leeds  
Building  
Society**

## **140 years**

Discovering your stories  
and raising over £31,500  
for charity.

## **Mobile app**

Monitor your savings  
balances on the go.

## **TalkingPoint**

We value your input.  
Join our online forum and  
have your say.



**Moving  
Forward**



**AGM 2016: Make your vote count** Read more inside

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# Welcome

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**Our vision is to be 'Britain's most successful building society'. It's going to take long term investment, but we're already working towards our goal.**

2014 was all about laying the foundations for our vision and in 2015 we paved the way forward. With new member-led services and products to offer you, we've shown how serious we are about getting it right.

Over the past year, we've made real progress in many key areas, including significant investments in new technologies, process improvements and developing a new forum to hear your opinions and take action. These are just some of the ways that we've been working hand-in-hand with you, our members, on our path to building a robust and even more people-focused Society.

## **Peter Hill**

Chief Executive Officer

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### **Financial highlights**

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Total assets	£13.5 billion
Profit before tax	£108.5 million
Member savings balances	£9.9 billion
New mortgage lending	£3.1 billion
Net residential lending	£1.4 billion
Capital and reserves	£830 million

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**Make your voice heard –  
you are invited to attend  
your AGM on 14 April 2016**

For more information,  
see pages 28 to 30.

# 2015 AT A GLANCE

## 1. Shape our future with TalkingPoint

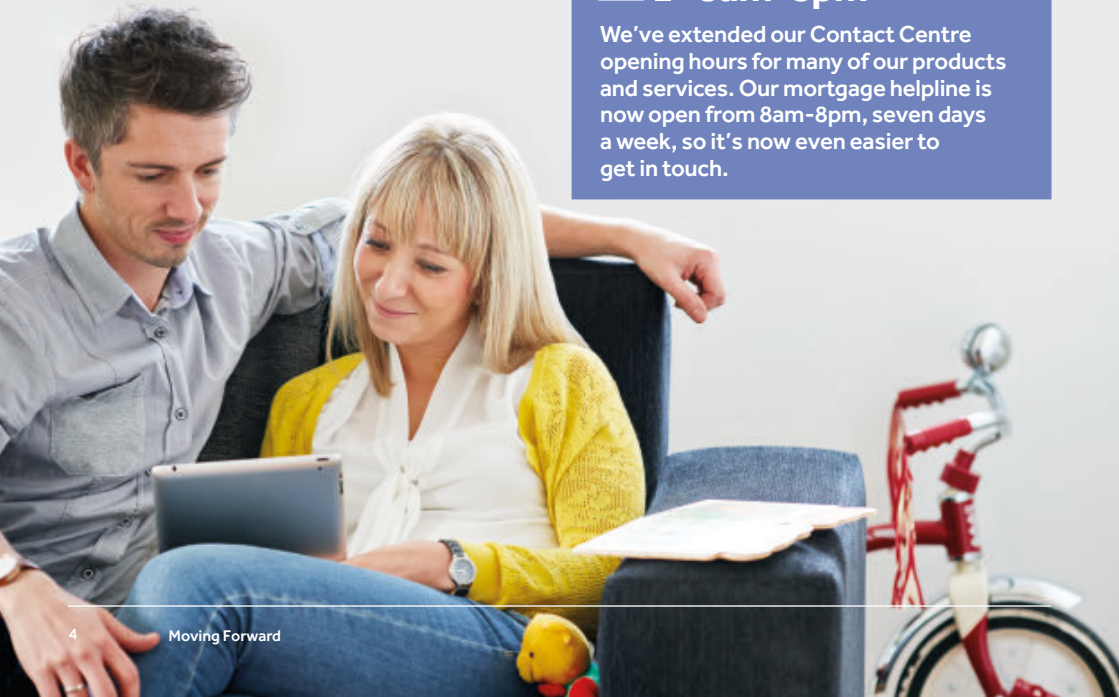
In 2015 we launched TalkingPoint, our online member forum.

Using TalkingPoint, you can share your opinion on a wide range of Society-related topics, via regular votes, forums and more. Our members have already helped to shape our Society – would you like to join them?

See page 16 for more information.

## 2. Here for you, 8am-8pm

We've extended our Contact Centre opening hours for many of our products and services. Our mortgage helpline is now open from 8am-8pm, seven days a week, so it's now even easier to get in touch.



## 3. Save time and money with card deposits

You can now make a transaction in branch thanks to our new Chip and PIN system. You can use your debit card to make payments and deposits when you visit us, without using cash or writing a cheque.

### How did it happen?

**“A member mentioned that they’d rather make payments using their debit card. I gave the feedback to Peter Hill and shortly after, the new Chip and PIN project was complete!”**

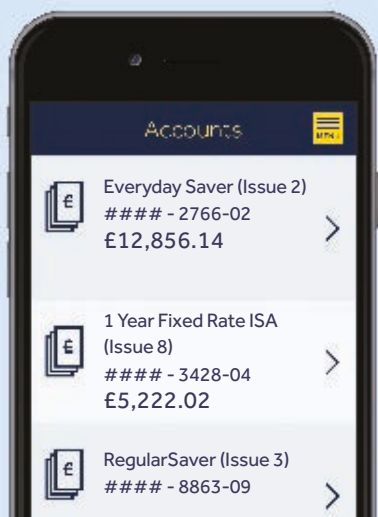
Alison, Customer Service Adviser



## 4. Stay informed with Knowledge Base

Knowledge Base is our new online hub, packed with useful information on a huge range of topics from choosing the right property to insurance and savvy savings tips.

We're adding new articles, videos and tips all the time, so don't forget to pop back regularly to discover new resources and find the latest information. [leedsbuildingsociety.co.uk/knowledge-base](https://leedsbuildingsociety.co.uk/knowledge-base)



## 5. Meet MyLeeds, our new mobile app

We asked a number of members to trial our new mobile app, to make sure it delivers everything you need. You can now look forward to viewing your savings balances on the go and other useful features when the app launches this year.

See page 14 for more information.

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# Chairman's Statement

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**Year ended**  
31 December 2015

In our 140th year, Leeds Building Society continued to help more people save and have the home they want. We achieved this by providing good value products, recognising the historically low interest rate environment, supported by improving the service to our members.

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**Our strong lending growth led to a record level of profit, enabling us to increase our capital and reserves and invest further in the long term future of the Society. Membership grew to more than 719,000<sup>i</sup>, assets rose by 11% to £13.5bn and savings balances reached £9.9bn, all higher than at any time in our history.**

## **Economic background**

Whilst UK economic growth slowed in 2015, annual growth remained positive. Unemployment and inflation both fell and wage growth continued to rise. The US recovered from its post-crisis recession and the Federal Reserve increased rates for the first time in almost nine years. In contrast, the European Central Bank announced further measures to boost sluggish economic growth in the Eurozone.

Inflation was 0.2%<sup>ii</sup> in December 2015 and Bank Base Rate remained at 0.5%. The Monetary Policy Committee noted that 'the outlook for global growth has weakened' and, as a result, we anticipate Bank Base Rate will remain low throughout 2016.

Market lending growth was particularly strong in October at £21.9bn, up 19% year-on-year and the highest monthly figure since July 2008. Gross mortgage lending was £220bn<sup>iii</sup> in 2015, an increase of 8.3% compared to a year earlier. House prices continued to rise with the Halifax House Price Index showing a rise of 9.5%<sup>iv</sup> in 2015 compared to the previous year.

Increased competition for mortgages resulted in a reduction in the average new mortgage rate and, as a consequence, market rates paid to savers also reduced. However, we continued to pay 0.58%<sup>v</sup> more on average to savers than our competitors. During 2015, total household deposits in the UK increased by 3.9% to £1.27 trillion<sup>vi</sup>.

## **Regulation and industry developments**

The busy regulatory agenda shows no sign

- i. The methodology for calculating the number of members was reviewed and refined in 2015. The previous year has been restated for comparative purposes
- ii. Office for National Statistics
- iii. The Council of Mortgage Lenders, gross lending estimate for 2015
- iv. Halifax HPI, December 2015
- v. CACI data, November 2015, latest data available – CACI is an independent company that provides financial services benchmarking data and covers 85% of the high street cash savings market
- vi. Bank of England, December 2015



of abating. Following amendments made to the Financial Services (Banking Reform) Act 2014, and in line with the Building Societies Association Model Rules, we're proposing a change to our Memorandum to permit a floating charge over the Society's assets. This will assist the Society's Treasury Function to raise funds in line with market best practice and ensure continuity of such funding, as other building societies have done by implementing the change. The Board believes this is in the best interest of the Society and I would like to encourage all members to vote for the Special Resolution at the Annual General Meeting.

The Prudential Regulation Authority and the Financial Conduct Authority believe holding individuals to account is a key component of effective regulation and published their final rules on Strengthening Accountability in Banking in 2015. We've already taken action to ensure we comply with the proposals, which reflect the recommendations of the Parliamentary Commission on Banking Standards and come into effect next month.

The Mortgage Credit Directive will also be implemented in March and introduces a framework of conduct rules across the European Union. The UK interpretation builds on existing rules in place to protect customers and aims to standardise the way in which borrowers across Europe access mortgages. We've made all the necessary changes to our systems and processes.

#### **Board composition and corporate governance**

Your Board continued to evolve through 2015. After 27 years with the Society, Kim Rebecchi stepped down in June last year to pursue a non executive career. Kim became an executive director in 2009, leading the Society's Distribution Division. She also chaired the Conduct Risk Committee and was a member of the Credit and Assets & Liabilities Committees.

Abhai Rajguru and Ian Robertson both retired from the Board last year, after serving seven years as non executive directors. Abhai was a member of the Audit and Assets & Liabilities Committees, and a Trustee of the Leeds Building Society Pension Scheme. Ian chaired the Audit Committee and was a member of the Board Risk and Credit Committees.

I would like to say a heartfelt thanks to Kim, Abhai and Ian for their invaluable contributions during their time with the Society.

John Hunt and Gareth Hoskin joined the Board as non executive directors in 2015. John has held a wide range of senior positions with leading international banks over a 38-year career and has significant knowledge and expertise in portfolio management, risk reporting, credit policy and retail banking. Gareth has extensive financial services experience including insurance and banking, audit, remuneration and risk. Their input will be invaluable as we continue to grow and operate in a highly regulated environment.

Richard Fearon joined the Board as Chief Commercial Officer in February 2016 and will be responsible for product development, marketing and brand, digital, customer insight and distribution. He started his career at the management consultants Oliver Wyman & Company and spent the last ten years at Lloyds Banking Group where he held a number of senior roles in both the mortgage and savings businesses.

In line with best practice recommended by the UK Corporate Governance Code, all directors are subject to election or re-election each year. A summary of their details can be found on pages 18 to 20. I ask you to support the nominations.

I am delighted that Peter Hill, our Chief Executive Officer, has been appointed as Chairman of the Council of Mortgage Lenders, the main trade body representing UK mortgage lenders. Peter's skill and extensive knowledge will play an important role at the heart of the mortgage industry.

#### **Summary**

Leeds Building Society has been successful for 140 years and we will continue to innovate and invest to transform our service and meet the ever changing needs of current and future members.

This is only possible because we have talented and dedicated colleagues who strive to provide outstanding customer service in every area of the business. On behalf of the Board, I would like to thank them for their hard work and dedication.

The low interest rate environment looks set to remain throughout 2016 and, whilst this is good news for borrowers, it continues to be particularly challenging for savers. Notwithstanding this, we'll continue to work hard to deliver long term value to you, our members.



**Robin Ashton**  
Chairman

23 February 2016

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# Chief Executive Officer's Review

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## Year ended

31 December 2015

## 2015 business highlights:

- New mortgage lending increased by 15% to £3.1bn, significantly above our market share<sup>i</sup>
- Net residential lending of £1.4bn is our best ever performance
- Total charge for impairment losses reduced by 53% to £18.5m
- Pre-tax profit rose by 23% to a record £108.5m
- Savings balances grew by £751m to £9.9bn, the highest level in our history
- We attracted 22,000 new members, taking total membership to a record 719,000<sup>ii</sup>
- Capital and reserves increased to £830m
- Total assets increased by 11% to a record £13.5bn

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**I'm proud to report another excellent set of results for Leeds Building Society. We've provided more mortgages than ever before and increased savings balances to the highest level in our history. As a result, our assets now total £13.5bn.**

Our record lending, combined with a reduction in impairment provisions, has led to a very strong profit performance and means we're able to continue to invest in the long term future of the Society for the benefit of our members.

We've developed the products and services we offer and we'll continue to innovate and transform the way we deliver these, by keeping members' needs at the centre of everything we do.

Our vision, which is built on four strategic pillars, is to be 'Britain's most successful building society'. Our pillars are:

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

I'm delighted to report that we've made significant progress against each of these during 2015.



## Supporting the aspirations of borrowers and savers

Bank Base Rate has remained at 0.5% for the last seven years and we don't currently anticipate any rise until 2017. This, combined with increased competition in the mortgage market, means borrowers have seen even greater benefit in this historically low rate environment. Conversely, I appreciate that savers find the current economic climate challenging.

Therefore, we worked hard during 2015 to provide competitive savings returns and paid an average 1.78%<sup>iii</sup> compared to the rest of the market equivalent of just 1.20%.

The Society received the award of 'Best Regular Savings Account Provider' for the second year in a row from the independent consumer advice website Savings Champion. We also provided a competitive and popular ISA range and all savers receive a minimum return of 0.5%, which is equivalent to the current Bank Base Rate. As a result, retail deposits and savings balances are now at their highest ever level of £9.9bn.

Our ability to pay above market returns to attract and retain savers has enabled us to help a record number of borrowers in 2015. We provided £3.1bn of new mortgages, which is a 15% increase on the year before and 1.6 times above our market share.

Supporting borrowers who are not well served by the wider market remains a key focus for us and we were active in the Shared Ownership, Help to Buy, Interest Only and Buy to Let markets.

This focus, combined with our mainstream product offering, means we achieved record mortgage lending across a balanced product range.

The Government has committed to building more houses, including starter homes, and we welcome support for this important segment. I'm pleased that we helped more than 9,400 first time buyers purchase their homes in 2015, which accounted for 37% of our total lending by value and an increase of £252m compared to a year earlier.



- i. Leeds Building Society defines market share as follows: Mortgages – Council of Mortgage Lenders market share statistics. Savings – Mutual sector net retail savings as published by the Building Societies Association
- ii. The methodology for calculating the number of members was reviewed and refined in 2015. The previous year has been restated for comparative purposes
- iii. CACI Data, November 2015, latest figures available – CACI is an independent company that provides Financial Services benchmarking data and covers 85% of the high street cash savings market

# Chief Executive Officer's Review

## Year ended

31 December 2015

### Continuing financial security

A combination of sustained lending growth over recent years, a favourable external environment and lower impairment provisions has resulted in profit increasing before tax by 23% to £108.5m. This enabled us to continue to invest in the future, build our financial strength and increase capital and reserves to a record £830m.

Total assets are now £13.5bn and our good financial performance meant the credit ratings agencies, Moody's and Fitch, both continue to assign long term 'A' ratings to the Society.

The strong UK economy has meant fewer borrowers have been experiencing financial difficulty and residential arrears (1.5% or more of outstanding mortgage balances) reduced from 1.88% in 2014 to 1.43% in 2015. As a result, impairment losses on loans to customers fell by 53% to £18.5m. The majority of this relates to the action we took to reduce our commercial balances by 28% to £194m, which represents less than 2% of total customer loans.

We've already experienced increased competition, particularly in the mortgage market, in the second half of 2015 and we anticipate this will only intensify. Therefore, we expect to see some downward pressure on our net interest margin as we move through 2016 and into 2017.

### Delivering outstanding personal service

Our members' needs change and evolve, and we look to adapt to meet those needs so that members can contact us at a time that suits them and in a way that they choose – by phone, in branch, online, or by email.

In November last year we increased the service we offer through our Contact Centre, which opens from 8am to 8pm seven days a week. This means we have been able to help more savers and borrowers deal with their finances during the evening or at weekends, making life easier and improving their experience.

We also made it quicker and easier for savers to deposit funds into their account by debit card in all branches.

Our mobile application which is piloting now, allows members to view their savings balances on the go, find a branch anywhere in the UK and easily access contact information.

In response to feedback we started instructing mortgage valuations earlier in the underwriting process. This has enabled mortgage offers to be issued more quickly and members to move into their homes earlier.

To measure our progress, we carry out regular independent member surveys and overall customer satisfaction remained high, at 91.2%<sup>iv</sup>. We also use the industry standard metric Net Promoter Score® (NPS)<sup>v</sup>, which measures the likelihood of a customer recommending a product or service. Our latest NPS of +49 benchmarks very well against the industry.

The needs of our members are central to how we develop our products and services and we created our online member forum, 'TalkingPoint' towards the end of 2015. This gives us the opportunity to build closer relationships with our members, gain insight into what matters to them and enables us to provide updates on how we've used their feedback.

Recruiting, developing and retaining the best talent is key to our success. Regular surveys show colleagues are highly engaged and this is clear from the feedback we receive from our members. In 2015, we achieved accreditation from Best Companies, which is a widely recognised industry accolade for employers. Awarded following an extensive colleague survey, this highlights Leeds Building Society as an 'employer of choice'.

I'd like to take this opportunity to thank all my colleagues for their continued commitment and passion to serving the needs of our members.

#### Investing in the business

Our purpose is to help people to save and have the home they want. Over the past five years we've supported more members than ever before and during this period, assets have increased by 42%, to over £13.5bn. We believe it's right to use our financial strength to invest and move forward, to meet the changing needs and expectations of members.

We created a further 150 career opportunities in 2015 and now employ 1,300 colleagues. This increase in capacity also meant we required additional office space. In Leeds, we secured new space in the city centre and refurbished our Head Office to ensure we maintain the best possible environment. We also plan to move our colleagues in the north east operations centre to a larger more modern building later this year.

Further investment in the long term future of the business included the successful upgrade of the Society's core IT systems during the first half of 2015. This created a platform for future improvements to our service and members will see further benefits from these enhancements in the coming months.

As a result of this investment, our cost to asset and cost to income ratios increased to 62p (2014: 57p) per £100 of assets and 36% (2014: 33%) respectively. However, I believe our focus on efficiency will mean these ratios will remain amongst the best in the building society sector.

#### Outlook

Leeds Building Society has achieved record results with savings, mortgage balances, and membership at our highest ever levels. Sustained lending growth has led to a strong profit performance and record capital and reserves, consolidating our financial strength.

Bank Base Rate looks set to stay low in 2016 and we've already experienced increased competition in the second half of last year. We anticipate this will intensify and, therefore, expect to see further downward pressure on margin as we move through the second half of the decade.

Despite this, our strong profitability and sustainable business model mean we're well placed to continue with our investment plan in 2016. We remain focused on providing what is best for you, our members, and will continue to strive to deliver security, value and excellent personal service.

I would like to thank you for your continued support.



**Peter Hill**  
Chief Executive Officer

23 February 2016

- iv. Customer satisfaction rating based on the views of 2,300 customers
- v. Net Promoter, NPS, and the NPS-related emoticons are registered service marks, and Net Promoter Score and Net Promoter System are service marks, of Bain & Company, Inc., Satmetrix Systems, Inc. and Fred Reichheld. Based on the views of 750 customers surveyed in Q4 2015

# MAKING MUTUALITY MATTER

As a Society, you, our members, are our number one priority. The following six pillars were created by the Building Societies Association as guiding principles, to help us stay focused on our members and our mutuality.

- 1. Talk to our members.** We make sure it's easy for you to talk with us, so we can find out what really matters and act on it.
- 2. High standards.** We set ourselves high standards in every area, to ensure we meet our members' and colleagues' expectations.
- 3. Service you can trust.** We're focused on building your trust in us, through fantastic performance and services.
- 4. Treat customers fairly.** We put our members first, providing clear, trustworthy advice to guide you through all your important financial decisions.
- 5. Positive impact on society.** Our relationships with our members, colleagues and the communities around us are at the centre of what we do.
- 6. Your interests at heart.** We wouldn't be here without you, so we'll always focus on understanding and responding to your needs.

## Moving Forward Together

**Thanks to our members and colleagues, we were able to take part in some more fantastic community projects in 2015. We raised a significant amount of money through donations and volunteer work.**

### Support for Our Communities

We've continued to work closely with Marie Curie, Variety, the Children's Charity and Age UK. We also supported our own Charitable Foundation through the Your Interest in Theirs scheme, where our members could choose to donate their balance interest, up to a maximum of 99p, to the above charities. From these modest maximum amount of pence donations, we were able to raise around £82,000 – a huge total, which reflects our members' generosity. Thank you!

### The 140 Challenge

Our Direct Distribution team raised £24,000 for The Alzheimer's Society with their recent biking challenge – way beyond the shared branch network target of £14,000! Additional contributions from the colleague charity group took the total to over £31,500. The team completed an epic 140 mile coast to coast bike ride in relay, from Whitehaven in Cumbria to Sunderland, taking over two days. Congratulations to the team for their fundraising efforts.



# HOMES FOR ARMED FORCES VETERANS

Our volunteers spent a day getting their hands dirty to support armed forces veterans as part of BBC One's 'DIY SOS: Homes for Veterans'.

You might have spotted our colleagues from Leeds Building Society's Mortgage School of Excellence getting stuck in and helping the DIY SOS team to create safe, secure homes for injured military service personnel.

Rob Clarke, Team Leader said: "There was a great atmosphere on-site and a real sense of community spirit in what was being achieved. The team got some brilliant feedback for their efforts, with a site foreman describing the team as an 'army of busy ants'. Our efforts were also praised by some of the contractors".

Many thanks to everyone involved, and also to our colleagues who won the 'Great Team Work Prize' at our Employee of the Year Awards and donated their £400 prize money to the cause.

# DIY SOS



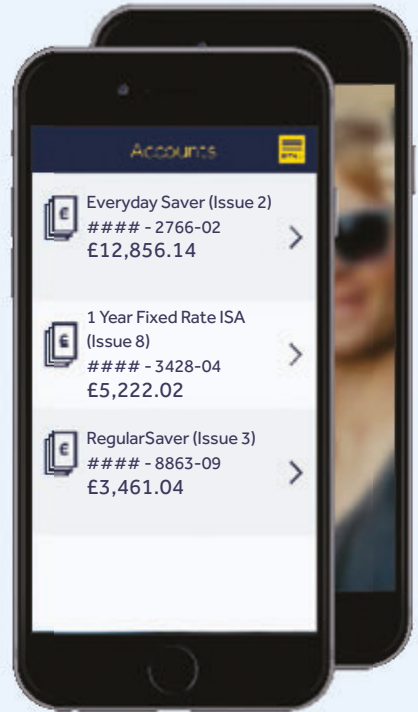
# WE'RE GOING MOBILE

## Our new mobile app is launching soon

We're pleased to reveal that our new mobile app is launching in 2016. Easy to use and incredibly handy, we're confident that the app will make it easier for you to keep track of your savings on the go. Last year we asked some of our members to trial the app and to tell us what they think. We've used this feedback to ensure it delivers what you need, before our launch this year.

The new app will be compatible with smartphones running Google Android version 4+ and Apple iPhone iOS version 7+, and will have a range of useful features. With the app you can:

- View your savings balances 24/7
- See account information
- Find a branch near you
- See FAQs
- Get in touch



# IMPROVING OUR MORTGAGE SERVICE

**In 2015, we set a clear goal to make our mortgage transfer services even better for you.**

## A better service for everyone

Following some important changes, you can now complete your mortgage transfer online, meaning it's easier than ever. According to recent member feedback, it's "quick and easy to understand" and saves time for our colleagues too, so they have more time to focus on other calls coming into our Customer Contact Centre.

For members who still want advice on their mortgage transfer, the new service means it's quicker and easier to book appointments with mortgage advisers.

In response to these changes, we've won a number of awards recognising our collaborative approach to improving our service.

Read on for more details.

# FROM INNOVATIONS TO AWARDS

This year we've poured our energy into growing the Society, developing our services and resources and recruiting fresh talent to boost our momentum.

In response to this growth, we were honoured to receive a series of prestigious awards in 2015. As colleagues are the driving force behind these achievements, we recognised them in our own Leeds Building Society awards ceremony, too.

## OUR 2015 HONOURS

### Mortgage Finance Gazette Awards

Last year, we were 'Highly Commended' for 'Best National Building Society' at the 2015 Mortgage Finance Gazette Awards.

Building on our hard work from last year, at the 2016 Awards (held November 2015) we scooped the 'Product Innovation Award (Lenders)' for our Part and Part Interest Only Mortgage, and 'Innovation Award (Lenders)' for our Robotic Processing Automation work. We were also highly commended in the 'Innovation Award (Lenders)' category for our mortgage service project.

### Agile Awards 2015

We were really proud to hear that our mortgage service project scooped awards for 'Best Use of Agile Outside of IT' and 'Best Lean Implementation', as well as being shortlisted for 'Best Use of Agile in the Private Sector'. These industry awards recognised our swift work to improve our mortgage transfer service for our members.



### Savings Champion Awards 2016

We were named 'Best Regular Savings Account Provider' for the second consecutive year, by independent consumer advice website Savings Champion.

### Best Companies accreditation

In September we entered the Best Companies accreditation, giving our colleagues the opportunity to speak up and tell us what it's like to be part of Leeds Building Society. We successfully received the accreditation, which is a great achievement for the Society and demonstrates how our colleagues are working together to achieve our vision.



# A BUMPER YEAR FOR RECRUITMENT

More Society colleagues means a faster and more efficient service for you, so in 2015 we created 150 new roles all over the country. In total, we've created over 300 new career opportunities in the past three years.

# WE'RE LISTENING

**Last year we launched TalkingPoint, our online member forum. Here, you can share in-depth feedback on a wide range of subjects, from the Society itself to your opinions on new products and services.**

As a mutual we're shaped by your feedback, so this has been an exciting and important development for us.

Although we only launched TalkingPoint in November 2015, we've already been using your feedback. For example, our TalkingPoint members have chosen the types of charities that we should support at this year's AGM.

Interested in joining TalkingPoint?  
Please visit us online at  
[leedsbuildingsociety.co.uk/talk](https://leedsbuildingsociety.co.uk/talk)





# CELEBRATING 140 YEARS

**2015 was a big year for us, as we celebrated 140 years in business. To mark the anniversary of our launch, we opened a limited-issue Fixed Rate Anniversary Account for our members.**

As part of the celebrations, every team within the Society was challenged to raise £140. From bake sales to bike rides, our colleagues really rose to the challenge! We raised over £31,500 in total, which we shared between our partner charities.

In our branches, we invited members to share their memories of their time with Leeds Building Society as part of our Member Monday competition. We got some brilliant entries...

"We saved with Leeds Building Society for the seventh attempt at IVF to have our first child. At last we were successful and now have a wonderful son called Ian."

"I won a Christmas card design competition in 1989 when I was seven. I am now 33 and still a member, I even have the same account number."

"We wanted to go to Glastonbury, encouraged by our son, Sam. We bought a van with our LBS savings and have been volunteering at Glasto for the last three years, living in our little van and enjoying being OAPs."



**Making Memories**  
Since 1875

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# Board of Directors

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**Robin  
Ashton**  
**Chairman**  
**(58)**



**I joined the Board as a non executive director in April 2011 and became Chairman in March 2013.**

As Chairman, I attend most Board committees. I'm a strong supporter of the building society sector and the mutual business model, which plays an important role in UK financial services. I'm a Chartered Accountant and spent my executive career in retail financial services. I'm also a non executive director of Shawbrook Group Plc, its subsidiary Shawbrook Bank Ltd and Non-Standard Finance Plc. I'm married with three children and I enjoy reading and motorsports.

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**Peter Hill**  
**Chief Executive Officer**  
**(54)**



**I have over 35 years' experience in financial services, specialising in a range of disciplines.**

I entered the mutual sector in 2001, joining the Society as General Manager of Sales before moving into Operations. I was appointed Operations Director in 2006 and Chief Executive Officer in 2011. I'm Chairman of the Council of Mortgage Lenders, Chairman of the Northern Association of Building Societies, an Associate of the Chartered Institute of Bankers and a fellow of the Royal Society of Arts. I'm married with two sons and a keen follower of Leeds Rhinos Rugby League Club.



**Philippa Brown (49)**

**I joined the Board as a non executive director in January 2013, bringing a strong consumer and marketing perspective to the role.**

I'm also a member of the Conduct Risk and Remuneration Committees. Putting our members' interests at the heart of the Society is important to me and integral to our business. I've been employed in marketing and advertising for over 25 years and I'm Chief Executive Officer of leading UK media agency, Omnicom Media Group UK. Outside work I enjoy swimming and have two children. I also support Breast Cancer Now and Future Dreams charities.



**Susan Cooklin (55)**

**I joined the Board as a non executive director in February 2014 and I'm also a member of the Board Risk and Audit Committees.**

I'm the Route Services Director at Network Rail Infrastructure Ltd, having previously joined as their Group Chief Information Officer. Prior to this I was a senior executive at Barclays Bank within operations and technology. I spent my early career in the building society sector and now I'm proud to have rejoined a mutual organisation where our members' interests are central to our business. Outside work, I enjoy spending time with my family and swimming.



**Richard Fearon (37)**

**I joined the Board as Chief Commercial Officer in February 2016.**

I'm responsible for the strategy and direction of the Society across product development, marketing and brand, digital, customer insight and distribution. I started my career at Oliver Wyman & Company and spent the last ten years at Lloyds Banking Group in a number of senior roles. I'm delighted to have joined a mutual organisation which puts members' interests first and which has been so successful during a challenging period in financial services. I'm married with two (soon to be three) children and enjoy spending time with my family and, if there's ever a quiet moment, reading.



**David Fisher (57)**

**I joined the Board in March 2012. I chair the Pension Trustee Board and the Board Risk Committee.**

I'm also a member of the Conduct and Remuneration Committees. I started my financial services career with Halifax Building Society 26 years ago. Prior to joining the Society, I was Chief Executive of Sainsbury's Bank. I also undertake a number of advisory roles. I'm delighted to return to my mutual roots and join a Board that's totally committed to mutual status. Outside work, I'm married with two daughters and a keen alpine walker and runner. I completed my first marathon in 2012.



**Andrew Greenwood (46)**

**I joined the Board as Risk Director in 2015 and I'm proud to be a member of the Society.**

I started my career as a solicitor in private practice and I've worked for the Society since 1998 in a variety of legal, compliance and risk-focused roles. My role is to lead the Risk Division, which comprises a number of specialist teams that monitor key risks in the context of business activities. I also attend all of the Society's board committees which focus on risk management. I live near York with my wife and two young children and enjoy watching sport and spending time with family and friends.



**Gareth Hoskin (55)**

**It is a great privilege to serve the members of Leeds Building Society as I believe strongly in its mutuality and social purpose.**

Having joined the Board in November 2015, I chair the Audit Committee and serve on the Board Risk Committee. Over my 30 year career, I've gained extensive UK and international financial services experience as a director of Legal & General Plc and CEO of its International Division, and previously as a Chartered Accountant at Price Waterhouse. I support Diabetes UK Ltd as a non executive director, Trustee and Audit Committee Chair and I'm also an adviser to Green Park Partners Ltd. I'm married with two children and enjoy playing golf, travelling and spending time with my family.



**John Hunt (61)**

**I joined the Board as a non executive director in April 2015.**

I chair the Models and Rating System Committee and I'm a member of the Assets & Liabilities and Credit Committees. I began my 38-year banking career with Yorkshire Bank in Leeds. Since then, I've held senior posts in a number of major banks and was a founder member of the Global Credit Data Consortium. The past few years have been turbulent in the financial services world and I'm pleased to join a Society that's fully committed to mutuality, with its members' best interests at heart. I'm married with two sons.



**Philip Jenks (65)**

**I joined the Board in March 2012. I chair the Society's Credit Committee and I'm a member of the Society's Board Risk and Models and Ratings System Committees.**

With over 40 years' experience in the financial sector, I'm Chairman at Charter Court Financial Services Group and I've worked as a consultant for organisations including the Government on housing related projects. I fully appreciate the value of mutuality and I'm proud to be a director at a society that's focused on getting things right for its members. I'm married with three children and enjoy walking, watching sport and going to the theatre.



**Robin Litten (52)**

**I joined the Society in 2012 as Chief Financial Officer having spent the last 13 years in the mutual building society sector.**

I have held senior roles at Barclays Bank, Skipton and Scarborough building societies. My role is to ensure that the Society remains financially secure and is able to fund continuing growth and investment for the benefit of our members. As a member of the Executive Committee, I lead the Society's Finance, Treasury and Strategy teams and I'm Chairman of the Assets & Liabilities Committee. Outside work, I enjoy spending time with my family, playing squash and cycling.



**Les Platts (62)**

**I joined the Board in 2010 and I'm the Vice Chairman and Senior Independent Director.**

I also chair the Remuneration Committee and I'm a member of the Audit, Nominations and Assets & Liabilities Committees. The Society, with its proud history and firm commitment to mutuality, is a very strong part of Leeds' business community. As a Chartered Accountant, I was the Senior Partner for Deloitte in their Leeds office. Now I'm Chairman of an investment administration business and Honorary Treasurer of Lancashire County Cricket Club. Outside work, I'm married with two children and I support the NSPCC.



**Karen Wint (50)**

**As Chief Operating Officer I'm responsible for ensuring that we have the right people, processes and technology in place to continue to deliver great service and value to our members.**

That includes continuing to change and update how we do things to meet new customer expectations in a rapidly changing world. I'm a member of the Executive, Conduct Risk and Credit Committees. I'm a Chartered Banker and enjoy walking and spending time in the Yorkshire Dales.

## Summary Financial Statement

**The directors have pleasure in presenting the Summary Financial Statement of the Society and its subsidiaries ('the Group') for the year ended 31 December 2015.**

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 30 March 2016, or from the Society's website ([leedsbuildingsociety.co.uk](http://leedsbuildingsociety.co.uk)). The Independent Auditor's Report on the Society's full Annual Report and Accounts was unqualified.

### Summary Directors' Report

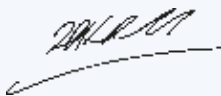
The Summary Directors' Report for the year ended 31 December 2015 comprises the Chairman's Statement on pages 6 and 7 and the Chief Executive Officer's Review on pages 8 to 11.

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.

**Approved by the Board of Directors on  
23 February 2016 and signed on its behalf by:**



**Robin Ashton**  
Chairman



**Peter Hill**  
Chief Executive Officer



**Robin Litten**  
Chief Financial Officer

## 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 ratios 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 sufficient profit each year in order to maintain its capital ratios at a suitable level to protect investors.

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

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

<b>Results for the year 2015</b>	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
Net interest receivable	207.5	184.8
Other income and charges	12.3	14.0
Fair value gains less losses on financial instruments	(0.9)	(0.4)
Administrative expenses	(79.7)	(66.2)
Impairment losses	(18.5)	(39.5)
Investment property fair value movement	(3.4)	–
Provisions for liabilities and charges	(8.8)	(11.8)
<b>Operating profit before exceptional item</b>	<b>108.5</b>	<b>80.9</b>
Pension curtailment gain	–	7.0
<b>Profit for the year before tax</b>	<b>108.5</b>	<b>87.9</b>
Taxation	(19.6)	(18.5)
<b>Profit for the year</b>	<b>88.9</b>	<b>69.4</b>
<b>Financial position at the end of the year</b>		
<b>Assets:</b>		
Liquid assets	1,676.7	1,584.2
Mortgages	11,312.0	10,018.1
Other loans	232.3	242.8
Derivative financial instruments	104.9	120.4
Fixed and other assets	180.7	165.7
<b>Total assets</b>	<b>13,506.6</b>	<b>12,131.2</b>
<b>Liabilities and equity:</b>		
Shares	9,932.9	9,181.6
Borrowings	2,531.0	1,971.0
Other liabilities	91.4	91.7
Derivative financial instruments	135.7	155.7
Subordinated liabilities	–	0.9
Subscribed capital	25.0	25.0
Equity	790.6	705.3
<b>Total liabilities and equity</b>	<b>13,506.6</b>	<b>12,131.2</b>
<b>Summary of key financial ratios</b>		
Gross capital as a percentage of shares and borrowings	6.55%	6.52%
Liquid assets as a percentage of shares and borrowings	13.45%	14.20%
Profit for the financial year as a percentage of mean total assets	0.69%	0.60%
Management expenses as a percentage of mean total assets	0.62%	0.57%

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# Summary Financial Statement

## Independent Auditor's Statement on Summary Financial Statement

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### **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 2015 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 this booklet 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 this booklet 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 2015 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  
23 February 2016

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# Directors' Remuneration Report

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Dear member

This report has been produced in line with the disclosure regulations for publicly listed companies, the UK Corporate Governance Code and the FCA Remuneration Code. It provides an overview on remuneration for the Society's executive directors and other Material Risk Takers (MRTs) for the year ended 31 December 2015.

The Remuneration Policy, which remains unchanged from when it was approved by members at the AGM in April 2014. The full policy (including the statement of how the policy will be applied in 2016) is included in the 2015 Annual Report and Accounts, available on the Society's website.

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

## 2015 performance and awards

The Board has agreed an ambitious strategy for the Society. It aims to balance the generation of profit to build a solid platform for growth, with continued investment in the business to allow it to support the aspirations of a wide range of borrowers and savers, through outstanding products and service. Successful delivery ensures that we continue to run a thriving, sustainable and relevant business.

In this context, the Remuneration Committee set four specific objectives for 2015 for the executive directors. These cover growth, profit before tax, business transformation and risk management.

Earlier sections of this booklet report that the Society delivered a very strong financial performance in 2015. The Society's net lending of £1.4 billion (2014: £1.1 billion) was substantially ahead of our plan and in a smaller market than we expected. Profit at £108.5 million (2014: £87.9 million) was also significantly above the objective set and a record for the Society.

The executive directors are running a number of projects to improve risk management, IT systems and operational processes to ensure that our products and services evolve to meet our members' changing needs. In 2015, we successfully migrated our core system and made good progress in developing our omni channel approach. However, the introduction of paperless accounts will now be concluded in 2016. Transformation of lending systems and processes was also delayed. Systems for savings account opening and new mortgage application processing are on track to be available for members and brokers to use in 2016. We also met our risk management improvement objectives. Superior levels of colleague engagement relative to external benchmarks are critical to the Society's future success and the target set in 2015 was significantly exceeded.

The Committee, having received and reviewed the evidence, considered that the strong financial achievements combined with progress on the key technology and risk projects, demonstrated a very positive performance against the objectives set.

Against that background, annual bonuses of between 41.7% and 64.5% have been awarded to the executive directors. This represents between 81% and 86% of the maximum award available.

The Remuneration Policy includes a risk assessment process, under which the Committee considers a range of factors and input from the Board Risk Committee. These include whether the executive directors have operated within agreed risk appetite, exposure of the business to any significant regulatory or control failings and any financial exposure resulting from inappropriate management behaviour.

The risk assessment process determined that no financial adjustment was required.

40% of the bonus award for the executive directors will be deferred and paid in equal instalments over the following three years.

Kim Rebecchi, the Distribution and Marketing Director, left the business on 30 June 2015, after a long and successful career with the Society. A loss of office payment was made in line with the Remuneration Policy in respect of her contractual entitlements and statutory rights. She remains eligible for a bonus award for 2015.

The basic salaries of the executive directors increased by 2.5% in April 2015, as did the Chairman's fee. The basic salary increase for other colleagues ranged from 0% to 5% with an average of 3.54%.

In addition to the executive directors, a small number of other colleagues are considered to be MRTs. These include senior managers whose actions have a material impact on the risk profile of the Society. The average basic salary increase for this group in 2015 was 3.7%.

Salaries are reviewed in April each year, for all colleagues in the context of pay settlements in the UK and independent benchmarking. In line with our Remuneration Policy, and following external benchmarking, the Remuneration Committee decided that in April 2016, the Chief Executive Officer's salary will increase by 14.3% and the Chief Risk Officer's salary will increase by 4.7%. The salaries of the other executive directors will increase by 2.5% in line with market conditions.



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# Directors' Remuneration Report

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## Other matters considered by the Committee

The main role of the Committee is to set the Society's Remuneration Policy including pay, bonuses and other benefits for executive directors and other senior managers. Our aim is to maintain market competitive salaries and other benefits. This is to ensure that we are able to attract and retain the best people to deliver the Society's goals. The objective is the same for both executive talent and for the whole colleague population.

I chair the Committee, which has two other non executive director members: David Fisher and Philippa Brown. The Chairman, Chief Executive Officer and other senior managers may be invited to attend meetings, but are not members. The Director of People, Becky Hewitt, is the Committee Secretary.

There were four meetings in 2015, which dealt with the annual review of compliance with the Remuneration Code, consideration of a number of regulatory changes on remuneration, the setting and review of performance against objectives and oversight of the general colleague bonus scheme and pay award.

In addition, the Committee commissioned a review of the variable pay element of executive reward. There were three objectives of the review:

- to consider whether the balance between fixed and variable (at risk) remuneration remains appropriate to incentivise and reward stretching performance for the executive team;
- to ensure that the Remuneration Committee has the means to deal with any inappropriate management behaviour and poor performance; and
- to ensure that the Scheme is aligned to the Society's longer term growth plans and the evolving regulatory landscape on remuneration matters, including deferral of bonus payments.

We concluded that the current split between fixed and variable pay and the design of the bonus scheme is appropriate for 2016. It is an annual scheme with a maximum potential of 75% for executive directors (50% maximum for the Chief Risk Officer), with no additional medium or long term incentive element. Further work will however be undertaken in 2016 to review the underlying measures of success.

Richard Fearon joined the Society as Chief Commercial Officer on 19 February 2016. Consequently, Richard forfeited any bonus/share payments from his previous employer, Lloyds Banking Group (LBG), for performance in 2015 and deferred elements from previous years. To compensate for this, payments which honour those lost earnings with LBG have been awarded, payable in line with the appropriate vesting periods, which were applicable under the LBG Schemes. A personal performance underpin will be applied to any payments in respect of these awards, which is linked to a requirement of a satisfactory performance rating.

## Summary

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



## Les Platts

Chairman of Remuneration Committee

23 February 2016

# Directors' Remuneration Report

Year ended  
31 December 2015

## Total remuneration summary (audited)

The total remuneration received by executive directors for 2015 is detailed below, compared with 2014. The total remuneration for executive directors equates to 2.1% of profits before tax. This information has been audited and shows remuneration for the years ended 31 December 2014 and 31 December 2015, as required to be reported under the Building Societies (Accounts and Related Provisions) Regulations 1998.

The Chief Executive Officer is the Society's highest paid colleague and no colleague earns more than any executive director. As the Society is a mutual organisation, it has no share capital and, therefore, does not offer share based remuneration to executive directors or colleagues.

## 2015 audited

Executive directors	Salary	Annual bonus <sup>(i)</sup>	Pension	Loss of office	Total remuneration
	£'000	£'000	£'000	£'000	£'000
P A Hill	348	226	75 <sup>(iv)</sup>	–	649
R S P Litten	260	160	52 <sup>(iv)</sup>	–	472
K L Rebecchi <sup>(iii)</sup>	101	65	20 <sup>(iv)</sup>	224	410
K R Wint	203	129	41	–	373
A J Greenwood <sup>(iii)</sup>	224	94	55 <sup>(iv)(vii)</sup>	–	373
<b>Total remuneration<sup>(vi)</sup></b>	<b>1,136</b>	<b>674</b>	<b>243</b>	<b>224</b>	<b>2,277</b>

## 2014 audited

Executive directors	Salary	Annual bonus <sup>(i)</sup>	Pension	Loss of office	Total remuneration
	£'000	£'000	£'000	£'000	£'000
P A Hill	336	203	47 <sup>(iv)</sup>	–	586
R S P Litten	252	150	45 <sup>(iv)</sup>	–	447
K L Rebecchi	197	119	39 <sup>(iv)</sup>	–	355
K R Wint	197	117	39	–	353
<b>Total remuneration<sup>(vi)</sup></b>	<b>982</b>	<b>589</b>	<b>170</b>	<b>–</b>	<b>1,741</b>

### Notes

- (i) The annual bonus figure reflects payment of the annual bonus under all its objectives.
- (ii) This director left the business on 30 June 2015. A loss of office payment was made, consisting of £136,407 paid in respect of the balance of contractual entitlement and £87,500 was paid which was reflective of an assessment of the director's statutory rights and in accordance with the Remuneration Policy. The director will remain eligible to receive a bonus award for 2015, pro-rated to reflect the period of employment during the financial year.
- (iii) This director was appointed on 8 January 2015.
- (iv) These directors elected to receive part or all of the Society's pension contribution as a cash allowance.
- (v) These directors ceased to be active members of the defined contribution section of the pension scheme on 31 March 2014 and elected to receive a cash allowance in lieu of the Society's pension contribution. The pension cash allowance amount for 2014 includes an adjustment relating to 2013 in respect of the prior year allowances.
- (vi) No director received other taxable benefits of £1,000 or above.
- (vii) This director received an additional contribution into the defined contribution section, following the closure of the final salary section to future accrual on 31 December 2014.

## Performance outcomes against targets for incentive awards

The 2015 scheme has generated awards of between 41.7% and 64.5% of salary for executive directors, reflecting between 81% and 86% of the maximum award available.

The scheme provides for:

- Personal performance measures (max. 30% opportunity, with 10% of this for superior performance).
- Corporate measures (max. 30% opportunity, with 10% of this for superior performance). Profit performance was ahead of expectations and growth was in excess of plan. The element of business development relating to colleague engagement scores significantly exceeded expectations, with an independent measure well above the financial services benchmark. Best Companies accreditation was also achieved. Other elements of business development were partly achieved. Whilst good progress was made against developing the omni channel approach, the introduction of paperless

# Directors' Remuneration Report

account opening will be completed in 2016. Transformation of lending systems and processes was also delayed. The migration of our system from our current supplier to HP was delivered without any break in service or customer impact. The risk strategy was further developed in line with the corporate plan.

- Peer group assessment (max. 15% opportunity). These are quantitative measures, which were selected as being those most closely aligned to our long term vision. These are objectively compared to published data from our peer group, against which the Society has performed at the upper end of expectations.

For executive directors in control functions the scheme provides for:

- Personal performance measures (max. 50% opportunity, with 15% of this for superior performance).

## Pensions and other benefits

P A Hill and R S P Litten were active members of the defined contribution section of the pension scheme up to 31 March 2014. From 1 April 2014, P A Hill and R S P Litten became deferred members of the defined contribution section and have opted for a cash allowance in lieu of the Society's pension contribution. K R Wint is a member of the defined contribution section of the pension scheme. A J Greenwood became a deferred member of the defined benefit section of the pension scheme on 31 December 2014. From 1 January 2015, A J Greenwood opted to receive pension benefits as part contributions to the defined contribution section and part cash allowance in lieu of the Society's pension contribution. K L Rebecchi was a deferred member of the defined benefit section and received a cash allowance in lieu of the Society's pension contribution in 2015.

No executive director has the right or opportunity to receive enhanced benefits beyond those already disclosed, and the Committee has not exercised its discretion during the year to enhance benefits. There have been no other changes to benefits during 2015.

## Long term incentive awards made in the financial year

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

## Remuneration for non executive directors

The fees for non executive directors are made up of a basic fee, plus a committee chair fee, as appropriate. The Chairman and Vice Chairman do not receive additional fees for roles carried out other than that of Chairman and Vice Chairman respectively.

Non executive directors audited	Total fees	
	2015 (£'000)	2014 (£'000)
R J Ashton (Chairman)	137	133
R W Stott (Vice Chairman to 26 March 2014)	–	13
L M Platts (Vice Chairman from 26 March 2014)	61	54
P A Brown	45	42
S Cooklin – appointed 25 February 2014	45	36
D Fisher	55	48
G Hoskin – appointed 16 November 2015	7	–
J A Hunt – appointed 29 April 2015	37	–
P A Jenks	55	49
A Rajguru – retired 26 March 2015	10	43
I Robertson – retired 31 December 2015	55	50
<b>Total</b>	<b>507</b>	<b>468</b>

In 2015, an increase of 2.5% was agreed for the Chairman to £137,000. The fee for the Vice Chairman was increased by 2.5% to £60,900 and the basic non executive director's fee was increased by 2.5% to £45,100. The committee chair fee was also increased by 2.5%.

## Payments to former directors

A payment of £26,136 has been made in 2015 to I W Ward, the former Chief Executive who retired on 23 September 2011. This payment is in respect of an incentive award which was subject to deferral and risk assessment. The Committee determined that no risk adjustment was appropriate.

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# Notice of Annual General Meeting

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**Notice is given that the 141st Annual General Meeting of the members of Leeds Building Society will be held on Thursday 14 April 2016 at the Leeds Marriott Hotel, 4 Trevelyan Square, Boar Lane, Leeds LS1 6ET at 11am 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 2015.
2. To consider and if thought fit, pass an Ordinary Resolution to re-appoint Deloitte LLP as Auditors 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 2015.
4. To consider and if thought fit, elect or re-elect the following as directors:
  - (a) to elect Richard Guy Fearon
  - (b) to elect Gareth John Hoskin
  - (c) to elect John Anthony Hunt
  - (d) to re-elect Robin James Ashton
  - (e) to re-elect Philippa Anne Brown
  - (f) to re-elect Susan Helen Cooklin
  - (g) to re-elect David Fisher
  - (h) to re-elect Andrew John Greenwood
  - (i) to re-elect Peter Anthony Hill
  - (j) to re-elect Philip Anthony Jenks
  - (k) to re-elect Robin Stephen Patrick Litten
  - (l) to re-elect Leslie Michael Platts
  - (m) to re-elect Karen Rita Wint
5. To consider and if thought fit, pass the following resolution as a Special Resolution "That the Memorandum of the Society be amended by:
  - (i) in paragraph 4(a) deleting "other than by the creation of a floating charge";
  - (ii) in paragraph 7 in the definition "dispose (or disposing)" deleting "(except by way of a floating charge)"; and
  - (iii) in paragraph 7 in the definition "parent undertaking" deleting "section 258 of the Companies Act 1985" and inserting "section 1162 of the Companies Act 2006"

By Order of the Board



**Andrew J Greenwood**  
Chief Risk Officer & Secretary

23 February 2016

## Notes

1. These Notes form part of the Notice of the 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 a proxy and your proxy does not need to be a member of the Society. Your proxy may vote for you at the Meeting but only on a poll.
3. You can 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 14 April 2016, and

**Membership:** you (a) had a shareholding in the Society of at least £100 on 31 December 2015 or (b) owed at least £100 to the Society on a mortgage loan on 31 December 2015; and you are either a shareholding member (whatever your account balance is) continuously between 31 December 2015 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 Wednesday 13 April 2016 if you are using a form to vote by proxy or if you are voting online, or Thursday 14 April 2016 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.**

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# Notice of Annual General Meeting

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## 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 Annual General 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. Approval of the Directors' Remuneration Report

As a building society, the Society is not required to prepare an annual report on directors' remuneration nor is the Society required to propose a resolution for its approval in the same way that a listed company is required to do. However, as in previous years and in line with best practice, the Society is proposing an Ordinary Resolution to approve the Directors' Remuneration Report for the financial year ended 31 December 2015. The summary Directors' Remuneration Report is set out on pages 24 to 27 of this booklet. The vote on this Resolution will be treated as advisory only and the directors' entitlement to remuneration is not conditional on this resolution being passed.

### 4. Election and re-election of directors

The Board has considered the provisions of the UK Corporate Governance Code relating to the re-election of existing directors and has resolved that it is in the best interests of members to submit all of the Society's directors for annual re-election. Kim Rebecchi retired as an executive director on 30 June 2015 and Ian Robertson retired as a non executive director on 31 December 2015 and as a consequence neither are seeking re-election.

The Board considers that all directors continue to have the requisite skills, knowledge and experience and demonstrate the necessary commitment to their roles. The biographical details of each director are included on pages 18 to 20.

John Anthony Hunt was appointed to the Board as non executive director on 29 April 2015. Mr Hunt is seeking election for the first time at the Annual General Meeting and his biographical details are included on page 20.

Gareth John Hoskin was appointed to the Board as a non executive director on 16 November 2015. Mr Hoskin is seeking election for the first time at the Annual General Meeting and his biographical details are included on page 19.

Richard Guy Fearon was appointed to the Board as Chief Commercial Officer on 19 February 2016. Mr Fearon is seeking election for the first time at the Annual General Meeting. Mr Fearon's biographical details are included on page 19.

### 5. Special Resolution to amend to the Society's Memorandum

The Board is proposing that the Society's Memorandum be changed at this year's Meeting. The Building Societies Act 1986 contained a prohibition on building societies giving a floating charge (a charge given by a building society that allows assets covered by the charge to be bought or sold, as it only becomes fixed in certain circumstances such as default by the Society). This prohibition has been removed by Parliament so the prohibition in the Society's Memorandum can also be removed.

This will assist the Society's Treasury Function to raise funds in line with market best practice and ensure continuity of such funding, as other building societies have done by implementing the change. The Board believes this is in the best interest of the Society. A reference to an out of date section of the Companies Act 1985 is also being updated.

A copy of the document setting out the proposed amendments and a copy of the existing Memorandum is available on the Society's website [leedsbuildingsociety.co.uk](http://leedsbuildingsociety.co.uk), or may be obtained by a member on request to the Secretary, Leeds Building Society, 105 Albion Street, Leeds LS1 5AS.

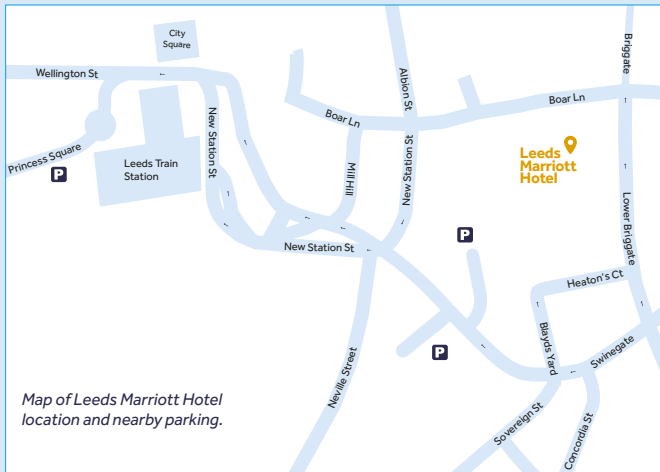
**The Board considers that this change will benefit the Society and its members and recommends that members vote FOR the amendment. It also recommends you to vote in favour of the directors standing for election and re-election, and all other resolutions.**

# Attending the Annual General Meeting

14 April 2016  
11am

## New venue for 2016

Leeds Marriott Hotel, 4 Trevelyan Square, Boar Lane, Leeds LS1 6ET



### Bus/Train

The hotel is easily accessible by public transport which is approximately five minutes walk from Leeds Train Station and ten minutes walk from the main bus station, with many buses stopping close by.

### Taxis

There is a taxi rank a one minute walk away on Boar Lane, although we recommend booking a taxi in advance.

### Parking

Parking is available at various nearby car parks, with Trinity and Q-Park Criterion Place both located on Swinegate (LS1 4AG). There is also parking available at Leeds Train Station (LS1 4HT).

If you wish to vote at the AGM, we kindly ask you to bring your Voting Form or passbook.

If you are appointing a proxy, other than the Chairman of the Meeting, to attend and vote on your behalf, please ensure that they bring an appropriate form of identification.

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

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## You Vote, We Donate

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We asked members of our online member forum, TalkingPoint, which types of charities they would like to support at this year's AGM. The charities listed below represent those choices.

Don't forget that when you vote, we donate. We'll make a donation of 10p for every paper form and 20p for every online vote returned.

Voting online significantly reduces costs and the impact on the environment. Please vote online if you can.

### Depaul UK

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Depaul UK helps young people aged 16-25 sleeping rough or without a safe, permanent home. Every year they provide emergency accommodation and longer term support to 3,700 young homeless people in crisis and help them progress beyond homelessness.



### Leeds Building Society Charitable Foundation

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Established in 1999, the Leeds Building Society Charitable Foundation supports communities around its nationwide network of branches. It helps by making donations to charities working in those areas which aim to provide relief of suffering, hardship or poverty, or their direct consequences.



### Sense

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Sense is a national charity that supports and campaigns for children and adults who are deafblind or have sensory impairments. They've been supporting people who have sensory impairments to enjoy more independent lives for the last 60 years.





## **Find your nearest branch**

[leedsbuildingsociety.co.uk/branch](https://leedsbuildingsociety.co.uk/branch)

## **UK-based contact centre**

7 days a week, 8am-8pm

Call 03450 454 047

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