

Leeds Building Society

Corporate Responsibility Report 2011



Leeds
Building Society



Leeds Building Society Corporate Responsibility Report 2011



Leeds Building Society is a successful independent building society owned by its members. We focus on delivering value for money products backed up by excellent service and offering a safe home for our members' savings, which provide the funding to help people buy their own homes.

We have put together this Corporate Responsibility (CR) Report, which gives an insight into how we approach growing our business. It covers five areas; Customers, Environment, Community, Employees and Corporate Governance, and demonstrates how we engage with our key stakeholders.

As an example, one of the most satisfying things I have been involved with is the official opening of the children's and parents' rooms at Leeds Mencap Centre (see page 16). They have been fully refurbished with funds provided by our Charitable Foundation, but it is the personal time and effort of our staff, who engaged with a number of our contractors and suppliers, that delivered something much greater than the financial donation. It has improved the lives of adults and children with learning disabilities, and their families, and is a reminder of how important a role we have to play in the community.

I hope that you find this report interesting and informative, and that it gives you an understanding of how we operate at Leeds Building Society. As this is the first one we have published, I'd welcome any comments you have so please email me at cr@leedsbuildingsociety.co.uk.

Peter Hill
Chief Executive

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What is Corporate Responsibility?

As an independent mutual building society, we care passionately about our members and our communities. Corporate Responsibility (CR) is all about our responsibilities as a business and an employer, to ensure we have a positive impact on the communities in which we operate.

CR covers a wide range of responsibilities and is not just about making donations to worthy causes, although these are important. It encompasses all aspects of our business from the ways in which we look after our members, our staff, our environment and our communities, to how we manage our business responsibly and with integrity.

It is vitally important that all our activities reflect the Leeds Building Society brand and our core values which are embodied in our mission statement - "To be a successful independent building society, providing excellent value through quality customer service, efficiency and competitive products".

Who benefits from CR?

Everyone who has any form of contact with us, including:

- our members who trust us with their finances;
- our staff who trust us with their careers and welfare;
- the people in our communities who need our support; and
- future generations who will benefit from the steps we are taking to reduce our impact on the environment.

How do we do this?

We are committed to:

- ensuring our customers enjoy doing business with us by treating them fairly and providing excellent customer service
- offering a range of good value for money products and services that meet their needs
- supporting our local communities
- managing our environmental impact responsibly
- recognising the role that our staff play in our success
- remaining a mutual independent building society owned by and run for the benefit of our members



Joanne Butler,
Assistant Manager,
Newcastle



Our mission is "To be a successful independent building society, providing excellent value through quality customer service, efficiency and competitive products"

A safe haven in stormy seas

Leeds Building Society has been in business since 1875 helping people to buy their own homes and providing a safe home for our members' savings.

The last four years have seen significant turmoil in the financial services markets, which has had a major impact on a number of established financial institutions. However, our successful, sustainable business model has made sure that we have achieved a consistently strong financial performance, right through the current economic uncertainty.

Mutuality in action

As a mutual building society, we are owned by our members and firmly intend to remain so. Because we have no external shareholders, our members are central to everything we do. And because we don't have to pay dividends, we can share the results of our success with our members by offering competitive savings and mortgage products and a range of other services to meet their needs.

What makes us different to other financial organisations?

- Owned by our members not shareholders
- Prudent approach to lending
- Pre-tax profits consistently well above the average for the sector
- Strong, well capitalised balance sheet
- All of the Society's residential lending is funded entirely by retail savings

Our financial results demonstrate just how successful this formula is, making us consistently one of the very top performing societies on a number of measures. In March 2012 almost 90,000 members voted at our AGM, meaning almost 1 in 5 of eligible members took the time and trouble to vote, with each Director receiving over 94% of votes in favour. Our Chairman, Robin Smith said,



Robin Smith

"We have once again received overwhelming support from our members, with each director receiving over 94% of votes in favour, and this endorses the Society's successful, sustainable business model."

"Leeds Building Society is 137 years old and, despite the difficult economic backdrop, we continue to do what we were set up to do, provide a safe home for members' savings and help people buy their own homes."

Award winning products and services

At Leeds Building Society we are passionate about providing our customers with excellent customer service and innovative products. We offer an extensive range of mortgage and savings products and are currently helping over 70,000 individuals, couples and families to buy a home. Our savers also benefit from great value, award-winning products and services.



We were delighted that our York branch won the award for 'Best Branch' at the 2011 Consumer Moneyfacts Awards.

Moneyfacts said "Happily for the industry, there were thousands and thousands of great responses, but the Leeds Building Society York Branch really did stand out from the crowd. There were many nominations and comments such as 'They make their customers feel like friends rather than just account holders.' Key throughout the comments for Leeds Building Society was the fact that they always go the extra mile and for that reason they are a worthy recipient of this award."

Web Wise

We are committed to bringing you an expanding range of Internet services. Customers can now access a number of services online including:

View the Member Zone, apply for a mortgage, make use of our full savings service, view balances, quarterly or annual statements, make transfers to previously selected internal or external accounts or check how much money they can still invest in the current tax year (Online ISA).

All this is offered through a secure, easy to use, 24 hour access service. *

* The Online Savings service will be unavailable each day for one hour between 12 midnight and 1am, while our systems update.

Other awards in 2011

'Best Regional Lender' at the Legal & General Mortgage Club Awards 2011

This is evidence of the excellent service the Society has given to the broker membership.

'Best Cash ISA provider for consistency of rates' at the 2011 Moneywise Customer Service Awards

Over 12,000 readers of Moneywise magazine took part in deciding the awards with readers free to nominate any bank, building society or other financial institution. This is a great accolade for the Society!





Our mission is "To be a successful independent building society, providing excellent value through quality customer service, efficiency and competitive products"

Serving our customers

Our customers' interests really do come first at Leeds Building Society and our continued success is built upon delivering excellent customer service to new and existing members.

Regular surveys and mystery shop exercises carried out by independent companies show that the overwhelming majority of our customers are highly satisfied with the Society.



Naaila Sattar
Customer Service Advisor, Newcastle

According to our independent customer service surveys, over the past two years, 95% (on average) of our customers are satisfied or very satisfied with the service they receive from us.

Our branches regularly score highly in the independent mystery shop exercises.

Celebrating great customer service

We know we have great people who are well trained and very professional, so in 2010 we introduced the Customer Advisor of the Year Award, to recognise this.

The second awards were held at Head Office in November. Eighteen Customer Advisors, nominated by their Regional Sales Managers, were recognised for their outstanding performance in the branch network, from which six Regional winners were selected.

The overall winner was Lauren Halmonroyd, Assistant Manager at Ripon branch. She is an outstanding example of commitment, drive and focus to succeed. Lauren's positive attitude has had a strong impact on the team promoting a 'can do' attitude in Ripon that contributed to their overall success in 2011.



Lauren Halmonroyd



The regional winners

Treating our customers fairly

All organisations regulated by the Financial Services Authority (FSA) must take into account the interests of their customers and treat them fairly. The FSA's TCF philosophy was introduced to raise standards of customer services across the industry and to ensure customers obtain a fair deal, which is something we at Leeds Building Society aim to do for our customers. TCF has been an integral part of the training delivered to new and existing members of staff.

All staff undertake annual refresher training and all new staff receive a copy of the Fairness Principles and initial TCF training as part of the induction process.



Happy customers
Tony & Pauline
Ringrose, Leeds

We operate a variety of processes and procedures, working together to deliver customer fairness, based around the Society's high level Fairness Principles that have been approved by the Board.

Keeping in touch

The Society has 67 branches throughout the UK, Gibraltar and Ireland and has operated from the centre of Leeds since 1886.

As well as meeting us face-to-face at our branches, customers can receive information from 8am to 8pm, 7 days a week, by calling our UK based Call Centre on 0113 225 7777. Our interest rate hot line offers 24-hour rate information on 08450 50 50 74. Our website is also open for business 24/7 – see us online at www.leedsbuildingsociety.co.uk.

We will...

- Respond to our customers in a fair, straightforward, consistent and timely manner.
- Run the business in the interests of its wider stakeholders, providing a range of products, services, and benefits that meets their needs.
- Provide an excellent customer experience by ensuring high quality information and advice provided by knowledgeable staff using effective systems and controls.
- Honour assurances and guarantees given to customers that create legitimate expectations.
- Respond to customer feedback and complaints consistently, effectively and sympathetically and act on them to improve customer service as a whole.
- Develop and maintain effective third party relationships where this will further enhance the Society's standing and further promote its fairness principles.



Caring for our environment

As a responsible organisation, we believe that our performance as an independent mutual building society will be measured not only by our success as a business but also by our impact on the environment.

Our environmental mission is to be a pragmatic follower of good practice with a view to taking decisions and actions that foster the long-term well being of the environment and the Society's business. We are committed to cutting waste and optimising our business and natural resources and so far we're achieving what we set out to do.

We have:

Massively reduced our use of paper by **36%** over the last two years. We did this by:

- Embedding a very successful printing strategy that introduced smart multifunction printers with double sided printing as standard.
- Paper reduction has also been achieved as customers can apply online.
- Implementing scanning functionality into our branch network to cut down on the amount of paper printed and then sent to Head Office for processing.

Continued to purchase green energy from renewable sources for all sites. In November 2009 we signed up to CO2 Sense Yorkshire Accord, a programme which works in partnership with the region's companies in combating climate change.

Reduced power consumption and emissions, whilst improving the working environment. Our Head Office refurbishment included installation of integrated air conditioning for heating and cooling, double glazing, modern lighting technology including photo cell lighting with movement sensors. We also used recyclable materials such as furniture, carpets and ceiling tiles.

Our aims

- Ensure that we are compliant with all applicable environmental legislation in the countries in which we operate.
- Conform with all environmental regulations regarding the disposal of electronic equipment.
- Identify, track and report on key environmental measures and targets.
- Strive to continually improve environmental performance.
- Raise employees' awareness of environmental issues whilst encouraging good environmental practices.
- Collaborate with key suppliers to understand and manage indirect impacts and improve our own environmental performance.

Enhanced our waste sorting facilities with the introduction of recycling bins and battery recycling throughout Head Office and secure recycling of all paper waste from all our sites in the UK.

Introducing the Green Team

In 2009 a group of people from different parts of our business with the environment in their sights got together and the result was the formation of The Green Team.

The Green Team works with our staff and the business to share useful ideas and tips on how we can minimise our impact on the environment, both at work and at home. The Team has had some great success stories since it's inception:

April 2010 - work starts on building a roof top garden, planted with bee-friendly plants and vegetables that can be used in the staff cafe. Gardening club is established to maintain it. The garden has thrived and we harvested the first produce in July.



July 2010 - Rooftop garden is thriving

June 2010 - Society gets its own rooftop beehive. The arrival of the bees was filmed by the BBC and featured on the Yorkshire region Inside Out programme in November.



The hive arrives (above) and our very own Queen Bee (with blue marking)

April 2011 - The first honey harvest takes place (right)



PHOTO - WILL JOHNSON

August 2011 - More vegetables harvested (below)



September 2011 - Roof top honey wins the best honey in show award at the Bradford Beekeepers annual show. 45 judges put our honey way out in front of the entries based on taste, aroma and appearance.



aims

- Raise awareness of environmental and sustainability issues.
- Promote improved environmental performance across departments and branches.
- Help the Society to achieve the aims of our Environmental Policy.
- Promote our overriding principles of going greener - Reduce, Re-use and Re-cycle.



Reduce, Re-use, Re-cycle...

The last few years have seen many improvements in the way in which we manage our environmental impact. We have achieved a huge amount in this time, but it's been done gradually, rather than as a 'big bang'.

This approach has ensured that thinking and behaving in an environmentally responsible way is now ingrained in all our processes and the day to day attitudes of our staff.

But don't take our word for it!

In July 2010, we became the only UK building society to be awarded the Carbon Trust Standard for our Head Office site in the centre of Leeds. This recognised the efforts that we have made over the previous two years to reduce our carbon footprint in Leeds.

We have made a solid commitment to continue to reduce our carbon footprint. We're delighted we achieved the standard and we intend to keep it in future years!

And, in October 2010 we received the Ecological/Green Award at the Mortgage Finance Gazette Awards for the host of green initiatives going on including the Head Office refurbishment, various recycling initiatives, the rooftop garden and beehive and the paper-saving initiatives.



The Green Team climbed Scafell Pike in June 2011 (left) and raised £1,800 for the WWF.

Our highlights

- July 2011 - Green Awareness Day.
- April 2011 - First honey is harvested from the roof top hive.
- Nov 2010 - Green Awareness Day.
- July 2010 - Society is only UK building society to be awarded the Carbon Trust Standard for Head Office site.
- June 2010 - Beehive installed in the Head Office roof garden.
- April 2010 - Work starts on building a rooftop garden. Gardening club formed.
- April 2010 - Green Team supports Save the Children's "Donate Don't Dump".
- Jan 2010 - Agree to support WWF-UK (World Wide Fund for Nature) through the AGM voting scheme.
- Nov 2009 - Society signs the CO2Sense Yorkshire Accord.
- Nov 2009 - First Green Awareness Day takes place.
- Oct 2009 - Green Team established with volunteers from within the Society.
- Sep 2009 - Introduction of 100% biodegradable sandwich packaging in the staff canteen at Head Office.
- Aug 2009 - New tender process now includes the measurement of environmental credentials of potential Suppliers.
- June 2009 - New more environmentally friendly electricity supply contract signed with npower
- June 2009 - Printing strategy reduces number of devices by 40%.

You & Us, working together...



Strength in our people

Here, at Leeds Building Society, we recognise that our strength lies in our people and we strive for engaged, motivated staff who can deliver excellent service to our customers as well as their colleagues.

Our values

The 'Society Values' promote the principles that make coming to work worthwhile. Each value is a behaviour that we expect our people to display in everything they do. By demonstrating these values in every day work, our people can be confident they are making a worthwhile contribution to their team and the Society.

- Forward thinking and forward acting
- Professional and expert
- Make the most of our time at work
- Value for money
- Fair, straightforward, open and honest
- Recognise success

With 940 staff working in various locations around the UK and in Gibraltar, Spain and Dublin we offer our staff a flexible benefits package, together with excellent staff training and development.

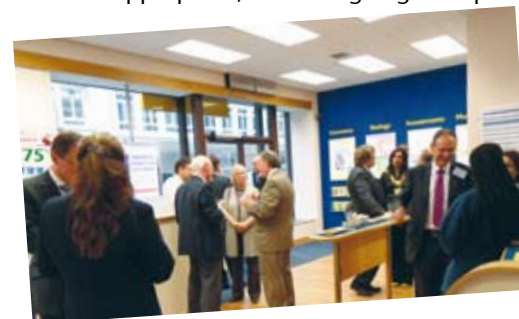
Around 500 of our staff work in the refurbished Head Office building in the heart of Leeds city centre, which offers a modern working environment with comfortable breakout areas and its very own Lightwell Café.



The Lightwell Café

Inside Head Office

A programme of branch refurbishments and relocations, where appropriate, is also ongoing to improve the experiences of our staff and customers in the regions.



Business leaders in Bradford





You & Us, working together...

Investing in our people

An Investor in People for nine consecutive years, we are committed to developing our staff to help them achieve their potential and increase their contribution to the success of the Society. Through a supportive culture, staff members are continually encouraged to improve both their own and their colleagues' performance.

Continuing development

Our Learning and Development team offers a full and comprehensive package of training and development courses.

These range from induction, sales and personal skills through to management training and leadership development courses, all of which recognise achievement and encourage ambition.



Training facilities at Head Office

Development Toolkit and Career Pathways

The Development Toolkit and Career Pathways are designed to support employees in becoming the best they can be in their current role, as well as their career development.



Linked to the Competency Framework, they are designed to help staff identify their current level of performance and give direction when agreeing their Personal Development Plan



Staff complete a first line management training course



You & Us, working together...

Working in pursuit of Excellence

We pride ourselves on working in pursuit of excellence. The individual contributions of our staff are recognised through our 'Excellence in Action' programme with monthly awards for excellence through the year, culminating in the Annual Awards each Spring.



In 2011, we received a record 65 annual nominations from across the business. 20 finalists attended the Annual Excellence in Action Awards lunch. Paul Thompson, the Society's Document Services Manager, was announced as the overall winner. Paul has inspired operational changes by working with all areas of the Society to deliver a saving of



£63,500. Paul also introduced the Society's first mail inserter, which now processes 350,000 items of outgoing mail previously hand folded and filled, releasing valuable resource to improve further the Society's customer service proposition.



Paul said, "To be nominated for this award was an honour. To share the lunch with other staff who had been nominated for their excellence was an inspiration. I think I can speak for all by saying that it feels great that our contributions have been acknowledged and that we do make a difference. The phrase that best describes the day, is that everyone's a winner."



Our Employee Recognition Scheme

Nominate A Star

At Leeds Building Society we like to recognise those members of staff who have exceeded expectations and shown outstanding performance and customer service delivery. In 2011 we introduced the Nominate a Star scheme to enable our customers to recognise excellent service. This will help us to ensure that all those who go above and beyond their day to day duties are recognised and praised. If you would like to nominate a particular team or staff member, you can complete a Nomination Form online by visiting www.leedsbuildingsociety.co.uk/contact.



Caring, sharing, supporting...

Supporting our communities

Supporting the communities in which we operate is at the very heart of our organisation. With 67 branches throughout the UK, Gibraltar and Ireland, we engage with our staff, members and local residents to promote and develop ways to deliver meaningful benefits to these communities.

This has resulted in greater awareness of worthy causes locally; staff, friends, family and member volunteers; relief of suffering and hardship; positive and ongoing relationships and support and significant fundraising. It has also created a sustainable fundraising and delivery mechanism which is part of the Society's 'business as usual'.

Heads of Department Charities

Three years ago our Heads of Department looked to improve both staff and member engagement in their communities. It was important that our staff decided on which charities to support and these were St Gemma's Hospice and Martin House Children's Hospice, both in the Leeds area.



Spooky! Halloween



Dragon Boat Race Roundhay Park Leeds

The priority was to involve our staff in events, all of which took place outside working hours. In the first three years, this initiative has raised over £30,000 for the charities, which is in addition to the significant time contribution made by many of our staff.



Egg Decorating at Easter - Royal Weggings!

Charity Days

For events such as Children in Need, Macmillan Coffee Mornings, Comic Relief, etc., we encourage our staff to interact and raise as much as possible through innovative fundraising initiatives.

Whilst it's business as usual as far as customers are concerned, our staff throw themselves into a variety of events including dress down days, coffee mornings, tombolas and raffles, 'Strictly Come Dancing' tuition and games console activities such as karaoke and sports.



Comic Relief



Caring, sharing, supporting...

Going the extra mile - literally!

Match Funds

We actively encourage all our staff to engage with and raise funds for worthy causes in their local communities. We match a proportion of any sponsorship they raise up to a maximum donation of £400 per member of staff and publicise their activities on the staff Intranet to encourage support from their colleagues across the Society. In the last two years our staff have raised in excess of £30,000 for a wide range of worthy causes and we have donated over £12,000 through this scheme.



Alison Barrans 'Walked 10' for Marie Curie



Kim and Simon Rebecchi walked the Dalesway for Marie Curie

Several members of staff took part in the Great North Run



John Thompson, Melissa Foster and Simon Wilkinson



George Jennings



Liz Dimmock, Karen Merrett and Sonia Dews, took part in the Sue Ryder Cheltenham Midnight Walk



and the Legal Services Team took part in the St Gemma's Midnight Walk



Glynis Lock (left) in the Race for Life



Branch staff in Norwich (above) and Ripon (right) became Pirates for a day to raise funds for Children in Need...



... and Elvis joined Pudsey for a walk around Head Office



Community Spirit

As well as helping charities, we also support a wide variety of community organisations and groups in the areas in which our branches operate. This may be straightforward cash donations through to sponsorship of junior sports team kits. All these varied requests are considered by our Sponsorship Committee and decisions made based on our sponsorship criteria.

Leeds Building Society Charitable Foundation

Leeds Building Society Charitable Foundation was established by the Society to support the communities around its nationwide network of branches, by making donations to charities working in those areas.

The Society has a team of staff working proactively with charities and supporting them with their applications, including help and feedback with criteria and the construction of their submission.

The Foundation has now donated over £1.1m to 1,738 worthy causes and this could not have happened without significant time and effort from our staff.

Mortgage Finance Gazette Awards 2012

The Society received the 'Community Services Award for Large Lenders' award at the 2012 Mortgage Finance Gazette (MFG) awards ceremony in November 2011.

Joanne Atkin, Editor of Mortgage Finance Gazette said, "Supporting the communities within which Leeds Building Society operates is at the heart of the organisation. While the sums generated are in the millions, it is the contribution of staff who give their time and expertise that really makes the difference."



Garforth Rangers get a new kit

MENCAP Leeds

To mark the milestone of reaching £1m of donations at the end of 2010, the Foundation made a one off donation of £10,000 to MENCAP in Leeds to transform the facilities at its East End Park centre and help improve the lives of adults and children with learning disabilities, and their families.

We also provided expert staff and engaged with local contractors who supplied labour and materials free of charge to ensure that the donation delivered as much as possible and the people who need the support received the most benefit.



Peter Hill, Chief Executive (left) and Danny McGuire, Leeds Rhinos



Other ways in which we help...



Supporting young people

We adopt a range of approaches to support the educational and social development of the young people in our communities, including:

- **Work Experience Placements** - these are for 14 to 16 year olds for a two week period. Sometimes, the students will return to take up a temporary role with us during the summer holidays.
- **Mentoring** - Some of our managers become mentors for school projects, which benefits the schools and is also good development for our managers. In addition, some of our managers have become mentors for Career Academy students joining us for a 6 week internship.
- **UK Career Academy for Finance** (16 - 18 year olds) - Becky Hewitt, Head of Human Resources, is the current Chair for the Leeds Advisory Board. This is a diploma route and has been running for around 4 years. A key component of this scheme is a 6 week internship with an employer, which provides more of an insight into actual work. We had two interns in Head Office and two in the Call Centre in the North East during 2011, working in various departments. Training was provided to the interns based on the requirements of their course.



AGM Donations

Each year, we donate 10p for every postal vote received and 20p for every on-line vote received from members. Members select which partner charity they want to receive the donation from their vote. In 2011 the Society donated over £10,500 to the year's charities - Help for Heroes, World Wildlife Fund, British Heart Foundation, St George's Crypt and the Leeds Building Society Charitable Foundation.

Caring Saver

When customers choose this particular product, we donate 1% of the total average balances in the account split equally between our four partner charities. So far, the Caring Saver has generated over £160,000 for each charity.

Your interest... in theirs

Savings customers can opt to pay the pence amount of their annual interest to charity. This initiative delivers a significant contribution to worthy causes each year.



Corporate Governance

The purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the company.

It is about what the board of a company does and how it sets the values of the company, and is separate from the day to day operational management of the company by full-time executives.

Leeds Building Society's Corporate Governance encompasses the structures in place to ensure that the Society is directed, administered, and controlled to the benefit of all our stakeholders.

UK Corporate Governance Code 'The Code'

The Society has regard to best practice, as recommended in The Code and the Society's Corporate Governance Policy ensures:

- The Board comprises sufficient and suitably qualified individuals to meet their collective and individual responsibilities both efficiently and effectively.
- New Directors are appointed through an objective process, taking into account the Building Societies Act, the Rules, and the fitness, competency and propriety requirements of the Financial Services Authority.
- Newly appointed Directors receive a tailored induction programme, and there is ongoing training and development of Directors through the Board evaluation process.
- Non-Executive Directors exercise independent judgement, providing constructive challenge to management.
- The Board receives timely, adequate and appropriate information to enable it to reach decisions after proper consideration of any issues involved.
- There is a proper division of responsibilities between Executive and non executive directors.
- The Board and its Committees operate within clearly defined retained powers, and delegated authorities.
- The external auditor retains independence and objectivity.
- The Audit Committee satisfies itself that the Society's systems of internal control are effective.

'The Code'

The UK Corporate Governance Code (formerly the Combined Code) sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders.

The Code contains broad principles and more specific provisions. Listed companies are required to report on how they have applied the main principles of the Code, and either to confirm that they have complied with the Code's provisions or - where they have not - to provide an explanation.

The Board

The Society is run by a Board of Directors which comprises executive and non-executive directors. The offices of Chairman and Chief Executive are distinct and held by different individuals. The Chairman is principally responsible for leading the Board and is not involved in the day to day management of the Society. The Chief Executive's responsibilities are focused on running the Society and implementing strategy.



Robin Smith
Chairman

Peter Hill
Chief Executive



Robin
Ashton

David
Fisher

Philip
Jenks

Robin
Litten



Les
Platts

Abhai
Rajguru

Kim
Rebecchi

Ian
Robertson

Bob
Stott

Board Committees

The Board operates through a series of meetings of the full Board as often as necessary for the proper conduct of business, normally at monthly intervals, and its main committees:

- Audit Committee
- Remuneration Committee
- Nominations Committee
- Group Risk Committee
- Board Credit Committee
- Assets & Liabilities Committee (ALCO)



Mutual, independent, strong

Membership and the AGM

Each year, we encourage our members to cast their vote at the Society's Annual General Meeting (AGM) which takes place after the end of the Society's financial year.

We all accept that voting is a democratic process that allows people to express their views and have a say in how things are run. The AGM is the same for our members and, the more people who vote, the more likely it is that the outcome of the vote will reflect the true opinions of the Membership. Our Members own the business, which the Directors run on their behalf.

We want to give all our members the opportunity to engage in a truly democratic process. As a member owned business we have a unique business model and every member has a vote. By using their vote, they can say whether they approve of the way the Board runs the business - it gives our members the opportunity to get their voice heard and to have a say in what happens.

We try to encourage as many Members to vote as possible. We have had excellent turnouts in recent years and we want to continue this trend (see page 4 for details of our 2012 AGM). Our members can vote in one of four ways:

- by attending the AGM in person
- by post
- in their local branch
- online



Crunching the numbers

The statistics in this section have been created from the vast array of data we collect throughout the business. We compare the information with the previous year to measure how we have improved.

(Data correct as at 31/12/11)

Charity and Sponsorship Donations

Charitable Foundation

Donations in last 12 months

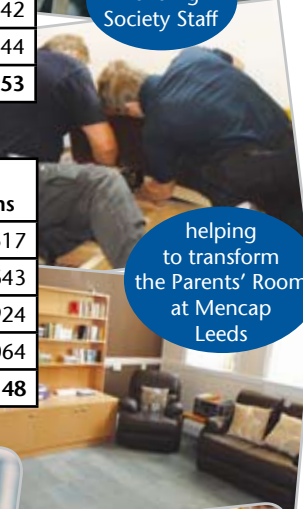
Type of Charity	No of beneficiaries	Total donations
Learning Difficulties	14	£8,692
Community & Disadvantaged Families	57	£42,675
Disabilities & Terminal Illnesses	64	£51,342
Counselling & Support Services	9	£7,244
Grand Total	144	£109,953



Leeds Building Society Staff

Donations since scheme inception

Type of Charity	No of beneficiaries	Total donations
Learning Difficulties	291	£129,517
Community & Disadvantaged Families	758	£452,643
Disabilities & Terminal Illnesses	576	£458,924
Counselling & Support Services	113	£61,064
Grand Total	1738	£1,102,148

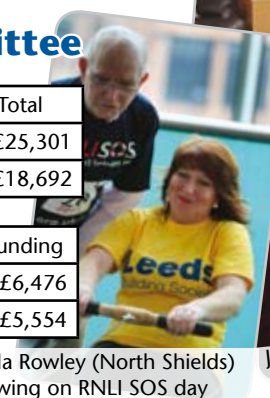


helping to transform the Parents' Room at Mencap Leeds

Sponsorship Committee

	Sponsorship	Charity	Total
2011	£14,760	£10,541	£25,301
2010	£9,017	£9,675	£18,692

	Staff Fundraising	Matched Funding
2011	£17,046	£6,476
2010	£13,905	£5,554



Angela Rowley (North Shields) rowing on RNLI SOS day



John Manship, Dewsbury (right), at Horbury Bridge Bowling Club



Gina Bagshaw, Head Office Branch, celebrated 20 years long service.



Staff

Length of Service

Under 1 year	173
1 - 5 years	265
5 - 10 years	217
10 - 15 years	123
15 - 20 years	58
20 - 30 years	79
30 - 40 years	19
40 years plus	6

Age split

Up to 20	22
20 - 29	303
30 - 39	229
40 - 49	194
50 - 59	160
60 plus	32

Gender split

Female	617
Male	323

Members

691,095 members

Mary Clayton, Customer Services, (centre front) celebrated 40 years long service.



Branches

67 branches across the UK, Gibraltar and Ireland

Business Highlights

2011 Financial Results

- Operating profit increased by 21% to a record £102.4m (£84.5m in 2010)
- Pre-tax profit rose by 19% to £50.2m (£42.2m in 2010)
- New residential lending increased by 25% to £1.23bn (£984m in 2010) which is significantly above our natural market share
- Savings balances grew by £329m to a record level of £7.4bn
- 58,000 new members were attracted, taking total membership to a record 691,000
- Remained highly efficient, as demonstrated by our cost income ratio reducing to 31% from 34%, which was the best of any building society in 2010
- Quality of lending remains good with the average loan to value (LTV) on 2011 advances being just 51% (53% in 2010)
- Capital and reserves increased by 8% to a record £572m (£531m in 2010)

Your Award Winning Society

2011 Moneyfacts Awards:

- 'Best Branch'

Legal & General Mortgage Club Awards 2011:

- 'Best Regional Lender'

Mortgage Finance Gazette Awards 2012:

- 'Community Services Award for Large Lenders'



Gary Brook, Head of Corporate Communication, Leeds Building Society (left), and Geoff Turnbull, General Manager, Leeds Building Society (right) receiving the MFG Award from Joanne Atkin, Editor of Mortgage Finance Gazette.

Also...

- 'Carbon Trust Standard'
- Highly commended in the 'Best National Building Society' category at the Mortgage Finance Gazette Awards 2012

Customer Experience

- 96% of customers are satisfied with the overall service provided by us
- 90% of customers would use us again
- 94% of customers are satisfied with staff knowledge
- 94% of customers would recommend us to their friends or family
- 94% of customers are satisfied at the speed in which their enquiries are dealt with

Information taken from Customer Satisfaction Surveys carried out between January and September 2011 (weighted average).

Great Mystery Shop Scores of 100%:

Belfast, Brecon and Manchester in September 2011

Derby and Norwich in December 2011

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Leeds
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Building Society
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