



MINUTES OF ANNUAL GENERAL MEETING

Annual General Meeting of Leek United Building Society

Duly convened at 12 noon on Wednesday, 28 April 2021 via video conference/webinar.

Board Members:

Rachel Court	Chair
Richard Goddard	Senior Independent Director
Keith Abercromby	Non-Executive Director
John Leveson	Non-Executive Director
Jane Kimberlin	Non-Executive Director
Andrew Healy	Chief Executive
Robert Broadbent	Finance Director
John Kelly	Operations Director

Attendance:

Members of the Society – 29 (21 Members, 8 Board Members)
Claire McCarthy, Head of Compliance & Secretariat (Secretary)
Lee Whittaker, Howsons Electoral Services (Independent Scrutineers)

Agenda item 1: Opening of the Meeting

The Chair stated that the meeting had been duly convened and that a quorum was present. She welcomed and thanked the members who had registered and joined. Noting the remote format of the meeting, the Chair advised that this was considered the safest way for the Society to comply with its rules and statutory obligations, adding that the webinar format allowed for an interactive meeting.

Members were reminded of the facility to ask questions during the meeting and that all questions would be put to Board members during the Members' Questions section at agenda item 7.

The Chair also welcomed to the meeting Lee Whittaker from Howsons Electoral Services to provide additional independent governance.

Agenda item 2: Notice of Meeting

With the permission of the members, the Notice of Meeting was taken as read.

Agenda item 3: Registration of Votes

The Chair advised that due to the meeting's remote nature, voting would not be available during the meeting but that member voting had taken place in advance by post and online. She added that only votes received prior to the meeting's cut-off date would be counted.

Agenda item 4: Minutes of the Annual General Meeting held on 29 April 2020

The Chair stated that the minutes of the Annual General Meeting held on 29 April 2020 were approved at the Society's Board Meeting held on 29 April 2020, immediately after the AGM, and were available on the Society's website.

Agenda item 5: Chair's Address

The Chair addressed the meeting and advised that 2020 was an extraordinary year that would be mostly remembered for one thing – the scourge of the Covid-19 pandemic. She emphasised that her thoughts were with those members who succumbed to this dreadful disease or who had lost loved ones.

The Chair commented on the pandemic's initial impact in the UK in respect of a national lockdown in the spring which included a seven-week period when the housing market was essentially closed. Government guidance was that no one should leave home unless it was essential to do so and while the Society's branches stayed open, the central/head office customer service teams had to quickly adjust to home working. This, to their immense credit the Chair added, they very quickly did due to a combination of their tremendous flexibility and the strength of the Society's technology which had benefited from significant investment over the course of the prior year. She advised that the pandemic demonstrated in a very practical way the effectiveness of the Society's business continuity planning and operational resilience.

The Chair noted it was very encouraging to report that the Society's key business results for 2020 were very close to the targets set prior to the year, in advance of the pandemic. A number of adjustments were required over the course of the year to deliver this outturn but it represented quite an achievement in such challenging circumstances. She added that it was particularly pleasing to report that the Society's financial strength at year end provided the confidence to continue its programme of prudent investment in its future technology, processes and branch network.

The Chair spoke to the broader economic picture, advising that the Bank of England reacted promptly to the pandemic through extensive quantitative easing coupled with a reduction in base rate from 0.75% to 0.25% and subsequently to 0.10%, a historic low. Government intervention had been significant also, with support provided for individuals, businesses and charities in order to protect income and support the economy. A temporary reduction in property stamp duty had helped the housing market and the Society warmly and proactively supported the granting of payment holidays to borrowers affected by the Covid-19 outbreak in line with the instructions of the Financial Conduct Authority. The Chair added that the housing market had so far shown remarkable resilience but its future direction was less clear, in

significant part due to the expectation of higher unemployment which could impact negatively on mortgage affordability.

The Chair continued that there was an expectation that interest rates would remain at their present historic low for some time, with even the possibility of rates falling to below zero. The financial services market continues to experience increased competition and technological advances would, in addition to the low interest rate environment, place pressure on the Society's margins going forward. However, the Society saw a competitive market for savings and mortgages as being positive for members and it very much remained the Society's intention to continue to offer fair-priced savings and mortgage products, to lend responsibly and to support borrowers to achieve their housing aspirations.

In terms of the Board, the Chair advised that in March 2020, Non-Executive Director Colin Kersley had stepped down. She thanked Colin for his extremely valuable contribution to the Society since he joined in 2016 and wished him well for the future. The Board had concluded that its overall composition was appropriate to meet business needs for the time being and that there remained a satisfactory blend of skills on the Board. The number of Non-Executive Directors had temporarily reduced from six to five, pending the recruitment of a Chair of Board Risk Committee Designate during 2021 in readiness for Richard Goddard's scheduled departure from the Board in 2022.

The Chair thanked her fellow Board members and all of the Society's staff for their support and dedication throughout the year. She particularly thanked members for their continued loyalty.

Agenda item 6: Chief Executive's Address

Chief Executive, Andrew Healy addressed the meeting and advised he was extremely proud that the Society not only navigated safely through an incredibly challenging year but that it had continued its journey of progress in terms of modernisation and strengthening its financial and operational platform for the future.

Andrew stated that 2020 had been a year like no other but that in many ways, the covid-19 pandemic had bonded the Society even closer with its members and had brought out the very best in its staff. He added that the Society not only coped with all of the challenges that came its way but that it continued to invest and to improve the business.

Andrew expressed his gratitude to members for their understanding during the year as the Society adjusted its ways of working, opening hours and how services were delivered. In addition, he praised the Society's team of staff for their immense efforts as they had to dig deep like never before to support members and to keep the business performing to a very high standard.

In terms of financial performance, Andrew reiterated the Chair's assessment that performance was solid in 2020. He emphasised that as a mutual building society, Leek United is different to shareholder-driven businesses and doesn't seek to maximise profits but to achieve a level of profitability that is sufficient to balance member value with the need to have a robust capital position to fund future investment. Andrew advised that he believed the Society had struck the right balance in 2020 and that despite the challenges of the pandemic, another positive set of financial results had been delivered.

Andrew stated that total assets had increased to £1.15 billion in 2020. There had been gross mortgage lending of just over £160 million during the year leading to mortgage book growth of £15 million. Savers had increased their investments by more than £50 million. Andrew added that very importantly, capital and liquidity levels remained robust at year end, well above regulatory requirements and that with capital reserves increasing to £67 million, the strong capital position provided confidence that the Society could continue to grow and invest in the manner projected within its strategic plan.

Profit Before Tax of £0.9m was, as expected, down on 2019 due partly to the Society's investment programme but it was also impacted by margin compression as base rate reduced and by increased mortgage provisions.

Andrew added that the Society's financial strength meant that it didn't need to access the furlough scheme or any other form of government support. Employee numbers were maintained at 2019 levels and the Society had continued to pay full salaries to all employees.

The Society's competitiveness and high standards had been recognised during 2020 with a number of industry-level mortgage awards. For the third consecutive year, Leek United was awarded Best Variable Rate Mortgage Lender at the national Personal Finance Awards and highly commended in the MoneyNet Best First Time Buyer Mortgage Provider category. The Society also won Best Variable Rate Lender and was highly commended for Best Regional Building Society in the What Mortgage Awards.

Andrew advised that as a result of the Society's significant investment in IT over recent years, head office staff were able to transition to home working within just a few days at the outset of the pandemic. Front line staff in branches and support areas also adjusted quickly to new ways of working, going above and beyond to support members. Calls were made directly to the most vulnerable to identify ways the Society could offer additional support and the first hour of each day in branches was dedicated to serving the elderly and vulnerable, with telephony services enhanced to provide additional assistance. Those mortgage customers who sought help because of the pandemic had received full support and 93% of members had stated they were satisfied with their overall experience of the Society which Andrew said was particularly encouraging.

In terms of the Society's investment programme, Andrew stated it had gathered pace in 2020 and would deliver long term benefits for members. He advised that the programme includes the development of a digital savings platform, improvements to mortgage technology and processes and redesigned branches. He added that work was already under way to refurbish the Society's flagship branch on Derby Street, Leek. Andrew advised that in progressing its branch investment plans, the Society had taken the difficult decision to end its relationship with its two remaining agencies in Wirksworth and Stone in January 2021. He thanked these agencies and their committed staff and advised that all possible support had been extended to members in these areas.

Employee Satisfaction had reached record levels in surveys held during the year, with almost all staff declaring themselves proud to work for Leek United and recommending the organisation as a great place to work. Andrew advised it had been a particularly proud moment when the Society won the SME category in the prestigious CIPD national people management awards in September.

Charitable activity remained a consistent theme throughout the year, with more than £90,000 raised for local community groups and charities. In addition, Andrew stated that the Society was at an advanced stage of incorporating a Charitable Foundation.

Andrew concluded by thanking members for their ongoing loyalty, adding that they should take great heart from his view that the Society had emerged even stronger from the unprecedented year of 2020.

Agenda item 7: Members Questions

The Board proceeded to address the questions submitted by members ahead of the meeting and those submitted during the meeting.

Question 1: Referring to the importance of ethics in the finance industry, a member enquired if the Society took measures to ensure that any funds it placed with banks were limited to those with a sound ethical and environmental policy, and if not would the Society be looking to ensure this would be the case when making future decisions?

Response: Finance Director, Robert Broadbent stated that careful consideration and due diligence is always applied to the third parties that are chosen by the Society in terms of their strength, values and ethics. He advised that the Society takes its environmental obligations very seriously and that changes in the wider finance industry were being underpinned by the industry's Prudential Regulation Authority and by the Bank of England. In addition to identifying the climate risks that they face, global firms are mandated to provide additional disclosures in their published accounts on the environmental impact of their operations and supply chains which Robert added is expected to act as a key tool in ensuring that financial services firms support the government's longer term net zero target for carbon emissions. With respect to how the Society specifically invests its surplus liquidity, Robert hoped members would appreciate that due to the confidential nature of this information, he was unable to name the relevant parties. However, he assured members that the Society always applies appropriate consideration, evaluation and due diligence. Furthermore, he felt sure members would appreciate that the credit-worthiness of the Society's counterparties was critical as the Society would not wish to put members' money at risk.

Question 2: A member noted that Covid-19 had highlighted that the ability to transact online was critical and enquired regarding the Society's plans in this area.

Response: Operations Director, John Kelly, was pleased to say that the Society had been working on introducing online services throughout the last year in response to feedback that more and more members would welcome the convenience of being able to manage their savings online. He added that the Society's investment programme would provide full online access to savings accounts for members starting later in 2021, giving the capability to open and manage accounts with ease.

Question 3: A member wanted to raise a concern with the Board that the AGM booklet posted out to members only contained images of the female gender until page 4 which the member said was discriminatory and sexist. The member proposed that action be taken in future for the booklet to be more inclusive in a number of regards, including wider diversity of gender and the use of photos of houses or scenery.

Response: Chief Executive, Andrew Healy, advised that the Society would of course fully consider the member's comments and suggestions which were very much welcomed. As a people first organisation for both members and staff, the Society believed that its images should show the type of organisation that it is. He added that as could be seen in the annual report and accounts, the Society places a very strong emphasis on diversity and inclusion and that its commitment to the female gender was evidenced, among other things, in its becoming a signatory last year to HM Treasury's Women in Finance Charter. Andrew stated that having a mix of imagery in the AGM booklet was indeed important as the member stated and that throughout the booklet, he believed there was a good mix but the Society would certainly take the member's views on Board for next year's AGM and for all of its literature.

Question 4: A member stated he appreciated that savings rates are currently low but felt that the associated impact was not being shared equally. He proposed changes to the Society's promotional material, that no donations be given to political organisations, rationalisation of the branch network and that Directors' pay should be cut in order to show solidarity with hard pressed savers.

Response: Chief Executive, Andrew Healy, advised that as a mutual building society, the Society did not seek to maximise profits but to achieve a level of profitability sufficient to balance member value with the need to retain its robust capital position. In 2020, the Society took a very proactive approach to cost management which delivered a 1.7% reduction in costs compared to the prior year. The Society remained committed to a cost efficient business model whilst ensuring it continued to invest for the future.

Andrew added that the Society had not and would not make donations to political organisations. The Society's focus was on continuing to support a broad range of community organisations and charities operating in its heartland communities, many of which had been heavily impacted by Covid-19. The Society had raised more than £90,000 for such community causes during 2020 and was naturally very proud of this. While the Society would continue to manage costs carefully, it believed strongly in its branches and remained fully committed to maintaining a branch network that served its members well across its heartland, ensuring they have access to cash and friendly face to face service.

Chair of the Board Remuneration Committee, John Leveson, advised that the remuneration of all Directors is regularly reviewed to ensure the Society attracts and retains suitably qualified and experienced individuals. He added that the Executive Directors and other members of the executive team had waived their right to be considered for any salary increase in 2020 and that the Chief Executive took the voluntary decision to reduce his salary in consideration of the impact of the pandemic.

Question 5: A member felt that customers like himself should be given the opportunity to write a good news story in a Leek United Building Society newsletter or similar publication.

Response: Chief Executive, Andrew Healy, advised that at present, the Society did not produce a newsletter but that this was under consideration and that if it did introduce one in the future, the Society would be delighted to publish a good news story from the member to share with other members. Andrew added that the Society holds regular forums for members to provide feedback and that its Customer Relations Officer would contact the member to provide the details.

Question 6: A member stated he would like to see a big improvement in the Society's savings rates, especially those offered to 'OAPs and people over 66'. The member added that such people had experienced a significant drop in their investment incomes and suggested the introduction of pensioner bonds of up to £50,000 paying at least 3% per annum and fixed for the next 3 to 5 years. The member felt these bonds should also be offered within an ISA.

Response: Finance Director, Robert Broadbent stated that in response to the Covid-19 pandemic, the Bank of England had reduced base rate by 0.65% to a record low level of 0.1%. He added that the Society had responded in a balanced manner and had continued to offer competitive savings and mortgage rates throughout the year. However, the Society took the difficult decision to lower the interest rate on a selection of savings accounts in December having held off reducing these rates for as long as possible. As a regional building society, Robert advised that the Society was unable to shape market rates but was committed to providing fair and sustainable rates as well as preferential loyalty products for existing members. He advised that the Society continually reviews its product range and that the member's suggestion of a pensioner bond would be fully considered, although any interest rate would need to be at a sustainable level.

Question 7: A member asked why year on year profits were down.

Response: Finance Director, Robert Broadbent advised that his answer to this question was in a number of ways linked to his answer to the previous question on interest rates - where he had tried to convey that the Society always try to be fair to its members. As a mutual building society, the Society does not seek to maximise profits but to achieve a level of profitability that is sufficient to balance member value with the need to have a strong capital position to fund future investment. He added that as set out in the AGM last year, even before the Covid-19 pandemic struck, the Society had already anticipated a reduction in profitability in 2021 due to its investment programme. Against the backdrop of the Covid-19 pandemic, the Society had delivered a resilient operational and capital performance in 2020 despite difficult market conditions, making significant progress with its investment programme while continuing to grow both its mortgage and savings books. However, as with many organisations, the Society's short term financial performance was impacted by the economic environment and by the impact of the Bank of England base rate reductions which served to compress net interest margins. There had also been an increase in provisions for credit losses in the Society's mortgage portfolio arising from the challenging economic outlook. The Society had improved the efficiency of its operations with the management expenses ratio improving year on year and had emerged from a challenging year with a robust capital position which provided confidence for the future.

Question 8: A member stated that the Society was unusual amongst its peers in that it did not automatically issue annual customer statements for fixed rate bond savers and asked if the Board considered this was appropriate bearing in mind requirements to keep customers informed under TCF regulations?

Response: Finance Director, Robert Broadbent, advised that like most of its peers, the Society's fixed rate bond products did not permit any additional deposits or withdrawals to be made prior to the maturity of the bond. He added that the Society issued customers with a passbook on account opening that could be updated through the branch network or by post. For those members that required it, the Society would also issue section 975 interest statements on request to support the completion of self-assessment tax returns. In not producing annual statements where the only transaction could be the addition of interest to the account, Robert stated that the Society was able to support the management of its carbon footprint by reducing its paper, print and distribution activities. He advised that the Society's digital savings offering would, once launched, provide members with an alternative method to review their account information.

Question 9: Two members asked regarding the Society's plans to extend its opening hours given positive recent developments with the Covid-19 pandemic and vaccination levels.

Response: Chief Executive, Andrew Healy, advised that during the coronavirus pandemic the Society had regularly reviewed its branch opening hours to balance the safety of its members and colleagues with customer demand for branch services. The Society was proud that, apart from two isolated Covid-19 related short term events, all of its branches had remained open throughout the pandemic. Government guidance had been followed at all times.

Andrew added that from the outset of the pandemic, the Society had implemented an enhanced range of ways that members could transact, helping to safely meet member needs whilst at the same time

reducing the need for members to visit branches. He stated that it was important to highlight that whilst branch doors closed earlier than prior to the pandemic, staff working hours had not reduced - phone lines were being manned and colleagues were working in the background fulfilling customer requests received by phone or post.

Andrew referred to the further easing of government restrictions due on 17 May and stated that this milestone, if successfully reached, would enable the Society to give further consideration to extending its opening times. He concluded by strongly encouraging members to telephone or email the Society at any time during the day should they require support and not just during branch opening times.

Question 10: A member asked for information regarding the closure of the Wirksworth agency and if an associated factor was that the agency was being used for current account banking rather than savings.

Response: Chief Executive, Andrew Healy, advised that in progressing plans to invest in the branch network, it unfortunately became apparent that it would be necessary to end the Society's relationship with its two remaining agencies in Wirksworth and Stone in January 2021. These agencies and their committed staff had served the Society's members diligently for many years and the Society was extremely grateful for their excellent work on its behalf throughout this time. However, agencies were quite different to branches in that they were by their nature run by a third party yet the Society retained responsibility for their management and compliance with regulatory requirements, a model which presented risks to the Society. In addition, the agencies could only offer transaction services whereas the Society believed its outlets should offer a much broader range of services to meet the needs of members and to be cost effective. As a mutual, the Society had a responsibility to its overall member base to take action where it was needed but it fully recognised that the closure of these agencies had impacted its loyal members in these local communities.

Andrew added that Leek United did not offer current account banking but that he appreciated that some members used their accounts to deposit and withdraw elements of their income, such as welfare benefits. He advised that the Society had engaged closely with such members to understand their ongoing requirements and to support them to continue to manage their finances effectively.

The Chair thanked members for their questions. She advised that the answers would be reflected in the minutes of the meeting and that the Society would also be reverting directly to each member.

Agenda item 8: Resolutions

The resolutions were announced as follows:

Ordinary Resolutions:

1. To receive the 2020 Annual Report & Accounts for the financial year ended 31 December 2020.
2. To re-appoint KPMG as External Auditor until the conclusion of the next AGM.
3. To approve the Directors' Remuneration Report for the financial year ended 31 December 2020.

Special Resolution:

4. To approve the amendments to the Rules of the Society as stated in the Notice of AGM.

Re-election of Directors:

5.
 - a) To re-elect Keith Abercromby
 - b) To re-elect Robert Broadbent
 - c) To re-elect Rachel Court
 - d) To re-elect Richard Goddard
 - e) To re-elect Andrew Healy
 - f) To re-elect John Kelly
 - g) To re-elect Jane Kimberlin
 - h) To re-elect John Leveson

The Chair stated that she would now announce the results of the resolutions.

Resolution 1: To receive the 2020 Annual Report & Accounts for the financial year ended 31 December 2020.

That the Annual Report and Accounts for the year ended 31 December 2020, be adopted.

The results of the poll were announced as follows:

For	Against
5,456	40
(99.27%)	(0.73%)

Resolution 2: To re-appoint KPMG as External Auditor until the conclusion of the next AGM.

That KPMG be re-appointed until the conclusion of the next Annual General Meeting (in accordance with Section 77 of the Building Societies Act 1986).

The results of the poll were announced as follows:

For	Against
5,322	157
(97.13%)	(2.87%)

Resolution 3: To approve the Directors' Remuneration Report for the financial year ended 31 December 2020.

That the Directors' Remuneration Report be approved.

The results of the poll were announced as follows:

For	Against
5,159	286
(94.75%)	(5.25%)

Resolution 4: To approve the amendments to the Rules of the Society as stated in the Notice of AGM.

That the amendments to the Rules of the Society be approved.

The results of the poll were announced as follows:

For	Against
5,356	95
(98.26%)	(1.74%)

Resolution 5: Re-election of Directors.

The results of the poll were announced as follows:

	For	Against
To re-elect Keith Abercromby	5,316 (97.26%)	150 (2.74%)
To re-elect Robert Broadbent	5,331 (97.37%)	144 (2.63%)
To re-elect Rachel Court	5,345 (97.52%)	136 (2.48%)
To re-elect Richard Goddard	5,328 (97.46%)	139 (2.54%)
To re-elect Andrew Healy	5,313 (97.11%)	158 (2.89%)
To re-elect John Kelly	5,323 (97.21%)	153 (2.79%)
To re-elect Jane Kimberlin	5,324 (97.33%)	146 (2.67%)
To re-elect John Leveson	5,334 (97.66%)	128 (2.34%)

Agenda item 9: Any Other Business

Before concluding the meeting, the Chair again referred to the extraordinary current circumstances which necessitated the holding of the AGM on a remote basis. She thanked members for their attendance and assured that the Society would continue to employ a broad range of methods to engage directly with members and to seek their feedback.

The Chair added that she hoped the country would return over time to more normal conditions and that she looked forward to meeting members at next year's AGM. The Chair advised that on behalf of the Board, management and staff of Leek United, she wished to sincerely thank members for their continued loyalty and extended her most fervent hope that everyone would stay safe and healthy.

There being no other business, the Chair declared the meeting closed.



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Rachel Court
Chair

28 April 2021