



MINUTES OF ANNUAL GENERAL MEETING

**Duly convened at 6:30pm on Wednesday, 24 April 2024 at Port Vale Football Club,
Hamil Road, Burslem, Stoke-on-Trent, ST6 1AW**

Board Members:

Rachel Court	Chair
Jane Kimberlin	Senior Independent Director
John Leveson	Non-Executive Director
Felicity Bambery	Non-Executive Director
John Gibson	Non-Executive Director
Andrew Healy	Chief Executive
Steve Clarke	Finance Director
Andrew Davies	Chief Risk Officer
Darren Ditchburn	Deputy Chief Executive

Apologies:

Dave Cheeseman	Non-Executive Director
----------------	------------------------

In attendance:

Members of the Society – 94
Non-members – 71
Claire McCarthy, Head of Compliance & Secretariat (Secretary)
Lee Whittaker, Howsons Electoral Services
Catherine Ochwat, Howsons Electoral Services
Lou Macari, The Macari Foundation
David Ashworth, PricewaterhouseCoopers L.L.P.

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 the large number of members, guests and community partners that were present, acknowledging that the change in venue and time may have caused inconvenience for some.

In terms of the meeting's governance, the Chair added that Lee Whittaker and Catherine Ochwat from Howsons Electoral Services were in attendance to provide independent oversight over voting procedures. David Ashworth from PricewaterhouseCoopers L.L.P., the Society's External Auditor, was also present.

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 all resolutions had been the subject of a poll and that those members who had not yet cast their vote would have the opportunity to do so later in the meeting.

Agenda item 4: Minutes of the Annual General Meeting held on 26 April 2023

The Chair stated that the minutes of the Annual General Meeting held on 26 April 2023 had been approved at the Society's Board Meeting on 23 May 2023 and were available on the Society's website.

Agenda item 5: Chair's Address

The Chair addressed the meeting. She advised that 2023 was a record year for the Society on many fronts and one in which the focus on its mutual values had supported more than ever its robust financial performance, strong risk management standards and high member and colleague satisfaction. It was all the more pleasing that this was achieved whilst the Society had continued its strategic investment programme which would underpin its success and sustainability for many years to come. 2023 was also a year when the Society had been announced as Britain's Best Building Society in the 2023 British Bank Awards, an accolade which reflected well on everyone in the organisation. The Society had ended the year with a balance sheet in excess of £1.3 billion, enhanced underlying profit performance, strong levels of capital reserves and healthy liquidity.

Economic and market conditions had been challenging throughout the year. High inflation had continued with the Bank of England responding by effecting a number of increases to its base rate. Cost of living pressures had persisted and in terms of members' ability to repay their borrowings, higher interest rates were not good news for those on variable rates or for those reaching the end of their fixed rate mortgage term. Since interest rates had started to rise in December 2021, the Society had been able to soften the blow for many borrowers by only passing on around 60 per cent of the Bank of England base rate increases, whilst continuing to offer competitively priced products for all customers.

The Chair added that it was encouraging to report that the Society had not yet seen an increase in mortgage arrears, an outcome which had undoubtedly been helped by its prudent approach to underwriting and customer affordability. However, there remained a risk that higher arrears could materialise as affordability challenges persisted. In this regard, the Society had a range of resources to support any members who were in financial difficulty or indeed who were concerned that they might experience difficulties in the future.

The mortgage market had experienced a significant drop in new lending in 2023 after a period of growth following the pandemic. This was due in significant part to the rising interest rate environment and the associated affordability challenges faced by borrowers as well as a fall in house prices; although the ongoing housing supply shortage had seen prices remain more resilient than anticipated. Against this backdrop, it was pleasing to report that the Society actually saw a record level of net mortgage lending, demonstrating the strength of its product propositions.

The savings market had experienced a range of dynamics during 2023. Cost of living pressures had impacted household savings as surplus holdings from the pandemic were used to manage higher food, energy and other costs. Those who could afford to save had tended to seek out competitive fixed rate products where the yields on offer appeared attractive relative to other investment types. In the same way

that the Society had sought to support its mortgage members as interest rates rose, it had responded in a fair manner for savers by offering a competitive range of variable and fixed rate products. This approach had resulted in solid deposit inflows, leading to balances of over £1 billion at year end and a healthy surplus liquidity position.

Leek Online, the online savings platform which had launched at the end of 2022, was growing well and was providing existing and new members with the option to open and manage their accounts online. This service was the result of significant investment in new technology by the Society and in 2023, it had continued to invest in a number of other important areas. The branch modernisation programme had been completed whereby all branches had been upgraded to offer improved facilities, including more meeting points and 'engagement zones' for discussions about products and services. Furthermore, the Society had recently completed the development and testing work to implement its new mortgage platform which was currently being rolled out in a gradual manner. This would significantly improve the mortgage journey for new borrowers and broker partners.

In respect of the Board, the Chair advised that Andrew Healy, Chief Executive for the past 5 years, had indicated late last year that he wished to step down from his role during 2024 in order to focus on non-executive director work. Soon after he had joined back in 2018, Andrew had agreed with the Board a multi-part investment and change programme to modernise the Society which involved flexible new IT infrastructure, digital savings and mortgage platforms, remodelled branches and new products and services. Andrew had set incredibly high standards for the Society and had delivered strongly against those standards, growing business performance to record levels, elevating risk management focus and further uplifting its exceptionally positive culture. His leadership throughout the pandemic was outstanding and his compassion towards employees, members and the local community throughout his tenure had been second to none. The Society had been extremely proud when last year Andrew was awarded an honorary MBE by King Charles for his services to the local community.

A rigorous selection process for the appointment of Andrew's successor had recently been conducted. Following this process, the Society had identified an extremely strong appointee. The regulatory approval process that was required for all such Board positions was being followed before a formal public announcement would be made. In the meantime, Andrew would continue to lead the Society until the new CEO was in place.

In conclusion, the Chair recorded her sincere gratitude to all her fellow Board members, the broader management team and to all of her colleagues across the Society for their continued efforts to ensure Leek Building Society remained strong and successful. She thanked them for living the Society's values and for delivering such strong performance in 2023. Most of all, the Chair thanked members for their wonderful support and loyalty which was greatly appreciated. She advised that her own term of office would come to an end in early 2025 and that depending on the timing of the appointment of a new Chair, this could be the final AGM which she would attend in the capacity of Chair. As such, she wished to extend her personal thanks for all the support given by members throughout her tenure. She firmly believed that the Society could look to the future with tremendous optimism.

Agenda item 6: Chief Executive's Address

Chief Executive, Andrew Healy addressed the meeting and thanked the Chair for her kind words. He reiterated that 2023 had been a strong year for the Society with financial performance at record levels on the back of excellent mortgage and savings growth. He added that what we was most proud of was how the Society had lived up to its purpose to make a positive difference to the lives of members, the local community and colleagues.

Andrew referred to the fact that the Society was solely owned by its members and therefore could – and did – look at everything from the perspective of what was right for them. Whilst it needed to trade profitably, the Society did not strive to maximise profits. It worked hard to make its mortgage and savings products as competitive as they could be and never took reckless risks in the pursuit of profit. Profits made were reinvested in the business in supporting members through better systems, branches and people, in giving more to the local community and in supporting good causes. This formula had served the Society well for more than 160 years, never more so than in 2023.

With regard to making a positive difference to members, Andrew stated that the Society was doing so in a number of ways. The provision of competitive and fair interest rates had been exemplified by the Society's approach to Bank of England base rate increases whereby, as the Chair had already stated, it

had passed on as much as possible of these increases to its savers but as little as possible to its mortgage borrowers. Savings balance growth of 9% and mortgage balance growth of 11% in 2023 had underlined the competitiveness of the Society's offerings and Andrew considered it was no coincidence that both of these books were now over £1 billion in size.

Andrew acknowledged that the cost of living remained a struggle for many members and that managing household budgets could be a daunting task. He underlined that the Society had at all times supported members with a range of money management guidance and support, and would continue to do so. The Society had been one of the first building societies to sign up to HM Treasury's Mortgage Charter which helped borrowers who may be struggling or who may be worried about making their repayments when their mortgage deal came to an end. The Society's website provided details of the Charter as well as a range of helpful resources which included who to speak to if members were concerned about their finances, tips on ways they may be able to reduce their bills and details of external agencies which offered free help and support. The Society had partnered with Potteries Moneywise to host a series of money clinics in its branches to offer assistance and expertise on a range of subjects including effective money management, budgeting, benefits eligibility and managing debt during these difficult times. The Society had also partnered with national charity, Young Enterprise, to deliver financial education support to children in each of the eleven towns where it had a branch.

Andrew stated that the last decade had seen around half of all bank branches across the country close, hitting communities hard and making life much more difficult for vulnerable customers and small businesses. He advised that the Society had proudly gone against the grain by investing in every one of its 12 branches.

Andrew continued that whilst members valued having the personal service of a local branch network, many members had also informed the Society that it was important to move with the times and that online options were important. With Leek Online in place, members could now manage their money safely and securely with increased confidence. This included opening new savings accounts, viewing important information on their savings accounts such as transactions and interest rates, and sending faster payments to a nominated bank account. Members with mortgage accounts could view their outstanding mortgage balance, interest rate and transaction details. The Society was also in the early stages of rolling out a new mortgage system which would make life easier for mortgage applicants and brokers.

In terms of keeping members up to date, Andrew advised that the Society recognised the importance of communicating effectively and acting on member feedback. During the last year, the Society had used a broad range of methods to promote active engagement with members, including regular website and social media updates, member newsletters and its annual member survey. The Society had also collated real-time member feedback on its service standards through an independent organisation which was widely recognised across the mutual sector, Smart Money People. It was pleasing that throughout the year, all key service measures had been rated by members as strong and that the overall service score for 2023 was excellent at 98.8%. However, the Society would never be complacent, would always listen carefully to all feedback and would always look to improve.

Andrew added that the Society was delighted to win two national awards at the 2023 British Bank Awards – Best Building Society and Best Building Society Savings Provider. These awards were particularly special as they were based on the reviews provided by members.

In terms of making a positive difference to local communities, the Society had in 2023 supported a broad range of local community groups and charities, many of which were represented at the meeting. Andrew directly thanked these organisations for being fundamental pillars of the local community. They helped keep people fit, took children off the street and even saved lives, the latter being no exaggeration given the outstanding work of the Society's key defibrillator partner, AEDdonate, with whom a landmark agreement would see 100 life-saving defibrillators being installed across Staffordshire, Cheshire, Derbyshire and Shropshire over the next four years. The Society's staff had personally played a strong part in supporting local communities through providing 180 days of volunteering in 2023. The Society's Charitable Foundation continued to go from strength to strength, helping to increase the scale and scope of its charitable giving.

Referring to the Society's commitment to provide the very significant sum of £500,000 to local community groups, charities and organisations by 2028, Andrew stated he was extremely proud to advise that £150,000 had been donated in 2023.

The Society had continued to work towards achieving net-zero emissions by using a specialist waste management company to recycle waste from its head office and branch network and had obtained its electricity from 100% renewable sources. In addition, the Society had upgraded its lighting systems to energy-efficient LEDs which had reduced by some 90% the energy required to light its buildings. It had also launched a new Green Further Advance Mortgage aimed at helping borrowers to enhance their homes' energy efficiency.

Referring to the positive difference being made to the Society's employees, Andrew stated that a real strength of the Society was the extent to which business decisions were examined not only through the lens of its members but also from the perspective of its people and values. This approach had helped to build an exceptionally positive culture. The Society had again been recognised externally through two national CIPD awards and it had also been named Employer of the Year by the Staffordshire Chambers of Commerce, demonstrating its pedigree as an employer of choice. Substantial advances had been made to the employee proposition during the year, evidencing the Society's deep ongoing commitment to staff welfare and to supporting its people. The Society was one of very few employers to offer health screening to staff and also provided strong benefits in areas like maternity, paternity and adoption leave as well as excellent mental health support.

As well as supporting its members throughout the cost of living crisis, the Society had supported staff very strongly. Salaries had been increased by up to 18.5% over the past three years and the Society had also made a number of one-off lump sum payments to support colleagues with their higher costs. In addition, the Society was one of only three employers within the sector that had committed to the Good Business Charter, Real Living Wage and Women in Finance Charter. With almost 100% of staff proud to work for the Society, Andrew stated that he believed the Society was one of the most attractive organisations to work for in the country.

Andrew finished by saying that 2023 had been described by some media outlets as a golden year for the Society due to its excellent financial results, growth trajectory, external awards and high member and staff satisfaction. However, more than anything, he believed it was an exceptionally good year because the Society had more than ever lived up to its purpose of making a positive difference to the lives of its members, local community and staff.

Agenda item 7: Members' Questions

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

Question 1: The member hoped that the change of venue, time and format would result in more members attending. However, after attending the AGM a few times over the last few years at Leek Cricket Club and the Head Office Conference Centre, they would not be attending this year. The venue and time were not convenient for them and they had no interest in listening to Mr Macari. Compared to last year's AGM, the member asked what additional costs, (if any), would be incurred by the Society. The member would also like to be advised of the number of members who attended last year, and the number of members attending this year.

Rachel Court, Chair responded and thanked the member for their comments and questions and expressed regret that the location and time were not convenient for them. She stated that the Society puts a great deal of work into running an AGM which is informative and helpful for as many members as possible, and that it had been of concern that for the last few years, the number of members attending these meetings has actually been declining. In a bid to reverse this trend and to give more members overall the opportunity to attend, the Board had decided to try a new time and venue this year. Judging by the numbers in attendance, it would seem that overall, this had resulted in a successful outcome.

The Chair added that the number of members in attendance at last year's AGM was just 35. The final number of members in attendance at this year's AGM would be much higher than this and would be included* within the minutes of the meeting which would be published on the Society's website.

The Board had been conscious that Port Vale might not be as convenient as Leek for some of members who had attended in previous years and this was why free transport had been provided from the Society's Head Office in Leek.

The Chair concluded by saying that the AGM is a relatively inexpensive event, with the cost of food being the main variable. Outside of this and the transport provided for members, the costs this year were similar to last year. The Society's valued partners, Port Vale Football Club, had kindly donated the use of their facilities free of charge and guest speaker, Lou Macari, was not charging a speaker's fee.

*subsequently confirmed as 94 members.

Question 2: The member stated that the percentage increase in overall non-executive and executive total remuneration seemed to be more than the RPI, and felt that this did not seem to be consistent, year after year. If this was so, the member asked if staff salaries were subjected to similar above RPI increases, year after year. They realised executive total remuneration in non-mutual organisations could be much more, and increases could be regularly above RPI - but they would hope that mutual organisations would increase remuneration for all staff at consistently comparable rates.

Chair of the Board Remuneration Committee, John Leveson advised that he could confirm that the average combined remuneration increase for Executive Directors and Non-executives over the past two years had been below RPI and below the level applied to other staff. On an annual basis, the Society conducts a formal benchmarking exercise to help determine if a pay increase will be applied for Directors and if so, at what level. While inflation is taken into account, other factors such as economic conditions, competitive market rates of pay and the financial performance of the Society are also considered. John added that it was worth noting that in 2021 when the Society was in the midst of the covid pandemic, the Chief Executive not only declined a pay increase but took a temporary pay cut.

John continued by assuring members that the Society's approach to remuneration had at all times been very much in line with its values as a mutual organisation. He was especially proud of the caring and compassionate approach taken during the cost of living crisis which had prevailed in recent years. While all colleagues had been supported during this period, the Society had unashamedly sought to particularly assist its lower earners who had been impacted most by higher food, energy and other costs. These staff had received the highest level of pay rises as well as significant annual lump sum cost of living payments to help them cope with their higher costs. Furthermore, the Society had recently communicated to staff its 2024 salary review which had been applied at 5%, notwithstanding that CPI was currently running at 3.2%. He hoped this served to show that the Society values all its staff and seeks to reward them all fairly for the excellent work they do.

Question 3: The member thanked both the Chair and Chief Executive for their presentations. They referred to a question raised at the 2023 AGM about the potential for the Society to be taken over at some stage which had been firmly rejected as a possibility by the Chief Executive. They asked if this question had been put asked to candidates during the selection process for Andrew's replacement as Chief Executive and if so, what was the response.

Rachel Court, Chair stated that although the specific question was not asked as part of the recruitment process, she could provide assurance that the chosen candidate was fully committed to the Society's mutual values and to retaining its independence. She added that any consideration of a potential merger would require the support of the full Board, a point that was reiterated by Andrew Healy, Chief Executive.

Question 4: The member congratulated the Society on its record performance in 2023. They noted the reference to it being Andrew's last year as Chief Executive and asked what he was most proud of from the last 5 years.

Andrew Healy, Chief Executive stated that the Society's progress and achievements had very much been a team effort. He advised that in terms of 2023, it was the rounded nature of the Society's performance that was most pleasing. There had been record financial performance, robust risk standards, excellent member satisfaction and strong people engagement notwithstanding continued investment in technology and business changes. Referring to his earlier presentation, he stated that what he was most proud of was the extent to which the Society had lived its purpose of not only providing competitive savings and mortgage products but making a positive difference to the lives of its members, local community and staff.

Question 5: The member referred to the restated pension figures within the Society's accounts and questioned the reason for these.

Steve Clarke, Finance Director advised that there were three prior period adjustments in the Society's accounts relating to 2022, two of which were reclassification issues between line items in the notes to the primary financial statements that had no impact on profitability or the balance sheet overall. The remaining issue related to an error in pension disclosures which had been compiled on behalf of the Society by its third party pensions advisor. This had resulted in the Society's pension deficit increasing by £0.6m that did not have a material impact on its strong capital position which remained well above regulatory minimum requirements. All three adjustments had been reviewed by the Society's external auditors, PricewaterhouseCoopers L.L.P., who were comfortable that the accounts were now accurate and would be moving forward. Separately the Society had engaged with its third party pensions advisor to undertake a comprehensive review of their reporting controls to ensure they had made the appropriate adjustments to their practices to avoid a similar issue arising in future.

Question 6: A member asked for a guarantee from the Board that the new Chief Executive would be committed to mutuality.

Rachel Court, Chair stated that she could provide assurance that the chosen candidate was fully committed to the Society's mutual values. Furthermore, the entire Board was committed to mutuality and any consideration of a potential demutualisation would require its support.

Question 7: A member spoke to IT investment and questioned if the Society was making any investment in Artificial Intelligence (AI) technology to improve its efficiency and online offering.

Darren Ditchburn, Deputy Chief Executive stated that he acknowledged that AI was a highly topical issue in the technology world. The Society was in the early stages of researching the risks and opportunities associated with AI technology and was currently looking at different types of AI to establish in particular what benefits could be obtained for its proposition for members. The Society's policy and strategy towards AI would continue to be carefully developed over time.

Question 8: Jamie Richards, Chief Executive of AEDdonate thanked the Society for its partnership with his organisation. He asked what area of community support was the Society most pleased with and what its community support would look like in the future.

Andrew Healy, Chief Executive responded and thanked AEDdonate for their exceptional work in helping to save lives. He also thanked all of the Society's other partners who were represented at the meeting and assured that the Society was committed to continuing to invest in local community groups, charities and organisations. Andrew added that the extent of the Society's commitment was well articulated in its annual report which set out that £500k would be donated between 2023 and 2028, that the Charitable Foundation would continue with its good work and that employees would provide 200 days of volunteering support each year.

Question 9: A member asked how many members the Society had.

Darren Ditchburn, Deputy Chief Executive advised that the Society had approximately 78,000 members.

Question 10: A member asked if the Society was fully committed to keeping branches open.

Andrew Healy, Chief Executive advised that the Society remained fully committed to its branch network and that this commitment had been demonstrated by the completion during 2023 of its branch refurbishment programme.

Question 11: A member congratulated the Society on its record year and its commitment to the local community. Noting that another Society had recently announced that it would be offering 99% Loan to Value mortgage products for first time buyers, the member asked if the Society planned to take more risk by offering similar products which would help more local people to get on the property ladder.

Andrew Davies, Chief Risk Officer, stated that products of the nature highlighted by the member often in his experience had quite restrictive associated terms and conditions which ultimately resulted in many interested people not qualifying to avail of them. While the Society monitored closely the offerings of peers, he believed the most important thing was to ensure that any mortgage offered would be truly affordable as to do otherwise would not be in the best interests of borrowers or the Society.

Andrew Healy, Chief Executive reiterated that acting in the best interests of members and the Society would always represent the Society's priority and that products of the type highlighted carried risks, particularly in the event that the property being purchased suffered a drop in its value not least and if this coincided with affordability pressures. He felt it was important to highlight the considerable support given by the Society to helping people to get onto the property ladder which was evidenced by close to one third of its lending in 2023 being to first time buyers.

Rachel Court, Chair assured the member that the Society's policies were kept under review and that active consideration is given by the Board at all times to how it can support first time buyers.

Having established that there were no more questions, the Chair advised that all questions asked, together with the answers provided, would be incorporated into the minutes of the meeting which would be published on the Society's website.

Agenda item 8: Resolutions

The resolutions were announced as follows:

Ordinary Resolutions:

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

Election/Re-election of Directors:

4.
 - a) To elect John Gibson
 - b) To re-elect Felicity Bambery
 - c) To re-elect Dave Cheeseman
 - d) To re-elect Steve Clarke
 - e) To re-elect Rachel Court
 - f) To re-elect Andrew Davies
 - g) To re-elect Darren Ditchburn
 - h) To re-elect Andrew Healy
 - i) To re-elect Jane Kimberlin

Following a short break for voting and counting to take place, the Chair announced the results of each resolution.

Resolution 1: To receive the 2023 Annual Report & Accounts for the financial year ended 31 December 2023.

That the Annual Report and Accounts for the year ended 31 December 2023 be adopted.

The results of the poll were announced as follows:

For	Against
3,288	24
(99.28%)	(0.72%)

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

That PricewaterhouseCoopers L.L.P. 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
3,197	93
(97.17%)	(2.83%)

Resolution 3: To approve the Directors' Remuneration Report for the financial year ended 31 December 2023.

That the Directors' Remuneration Report be approved.

The results of the poll were announced as follows:

	For	Against
	3,073	194
	(94.06%)	(5.94%)

Resolution 4: Election/Re-election of Directors.

The results of the poll were announced as follows:

	For	Against
To elect John Gibson	3,208 (97.60%)	79 (2.40%)
To re-elect Felicity Bambery	3,202 (97.09%)	96 (2.91%)
To re-elect Dave Cheeseman	3,194 (97.05%)	97 (2.95%)
To re-elect Steve Clarke	3,203 (97.30%)	89 (2.70%)
To re-elect Rachel Court	3,196 (97.02%)	98 (2.98%)
To re-elect Andrew Davies	3,189 (96.81%)	105 (3.19%)
To re-elect Darren Ditchburn	3,170 (96.50%)	115 (3.50%)
To re-elect Andrew Healy	3,183 (96.66%)	110 (3.34%)
To re-elect Jane Kimberlin	3,192 (96.82%)	105 (3.18%)

Agenda item 9: Any Other Business

The Chair advised that on behalf of the Board, management and staff of Leek Building Society, she wished to thank members for their attendance and continued support.

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



.....
Rachel Court
Chair

24 April 2024