



Business Review,
Summary Financial Statement and
Notice of Annual General Meeting
2010

History of Savings Account Variable Interest Rates 2010

Accounts Currently Available

Account	Balance	25 Jan 2010 %AER	11 Feb 2010 %AER
Pyramid Share / Air Ambulance	>£1	0.10	0.10
	>£500	0.10	0.10
	>£5,000	0.10	0.10
	>£10,000	0.10	0.10
	>£25,000	0.25	0.25
Pyramid 90	>£1	0.10	0.10
	>£10,000	0.15	0.15
	>£25,000	0.25	0.25
	>£50,000	0.50	0.50
	>£100,000	0.75	0.75
Performance Bond 1 Year	>£2,000	1.50	1.50
Performance Bond 2 Year	>£2,000	1.75	1.75
Performance Bond 3 Year	>£2,000	2.00	2.00
Instant Access Cash ISA	>£1	2.00	2.00
Pyramid Max	>£1	1.50	1.50
Humphrey	>£1	1.51	1.51
Charities / Clubs	>£10	0.10	0.10
	>£10,000	0.10	0.10
	>£25,000	0.25	0.25
Solicitors Account	>£500	0.10	0.10
	>£5,000	0.10	0.10
	>£10,000	0.10	0.25
	>£25,000	0.25	0.50
	>£100,000	0.60	1.00
No Instruction Holding A/C	>£1	0.35	0.35
50 Plus Postal (with bonus)	>£500	3.00	N/A
50 Plus Postal (excluding bonus)	>£500	2.50	N/A

Closed Issues

Account	Balance	25 Jan 2010 %AER	11 Feb 2010 %AER
Ordinary Share & Paid Up Share Rate	>£1	0.10	0.10
	>£500	0.10	0.10
	>£5,000	0.10	0.10
	>£10,000	0.10	0.10
	>£25,000	0.25	0.25
Pyramid Bonus (Excluding 0.5% bonus)	>£1,000	0.10	0.10
	>£10,000	0.10	0.10
	>£25,000	0.10	0.10
	>£50,000	0.10	0.10
	>£100,000	0.35	0.35
Overseas	>£10	0.10	0.10
	>£10,000	0.10	0.10
	>£20,000	0.25	0.25
Instant Access Cash ISA (ex-TESSA Only ISA)	>£10	2.00	2.00
Instant Access Cash ISA (ex-Loyalty TESSA Only ISA)	>£10	2.25	2.25
Regular Saver (5 Year)	>£10	0.10	0.10
50 Plus Postal (with bonus)	>£500	N/A	3.00
50 Plus Postal (excluding bonus)	>£500	N/A	2.50

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“Our strong, independent and profitable building society is the result of a sustainable business model that has served us well for almost 150 years.”



It is with a great sense of pride that the above statement is made. Our 2010 results have further strengthened and endorsed our position as a successful, modern mutual with a proven, sustainable business model.

Our core activities remained the provision of competitive residential mortgage and savings products with a broader range of insurance and financial planning products being offered as security for our members.

A strong funding position is crucial in maintaining a safe, well-balanced and sustainable building society. As at 31 December 2010, 99% of our funding was from savings deposits, with the remaining 1% being from wholesale funding. These figures place our reliance on wholesale funding as one of the lowest across the entire sector; a fact of which the board is very proud.

Despite 2010's profit being slightly lower than the previous year's, it remained at a very healthy level. As a mutual building society, our objective is not profit maximisation, but more a case of profit sufficiency. A financially robust business that benefits our members is our overriding aim and we will not pursue unsustainable mortgage business or offer unrealistic rates to savers, purely to enhance the balance sheet. We will, therefore, continue to set interest rates to take into account the needs of our borrowers and savers alike, at levels that protect the integrity of our business.

Growth and retained profit provide the strength to absorb the ever-increasing costs of running a successful business, ensuring we keep pace with appropriate advances in technology and the rising cost of regulation.

Likewise, our lending policy will always have affordability as its cornerstone. There is no benefit to the society, nor its members, in allowing people to borrow beyond their means and I am heartened by our low arrears levels with just five repossessions during the year. We believe these encouraging statistics are not merely a consequence, but also a vindication, of our policy of responsible lending.

Concerns over the economic outlook and the biting reality of spending cuts have done little to improve a fragile market defined by weak consumer sentiment and a lack of demand for housing finance. However, interest rates are likely to remain historically very low for some time which will continue to support a favourable affordability position for those entering the market and limit financial pressure on existing homeowners.

Our share balances and retail deposit accounts achieved a record increase of £65m and I am very proud to announce that the society has achieved asset growth of 3.87% for 2010. These creditable results are testament to the work and measures undertaken by the society throughout the year.

FSCS Levy

The panic over the collapse of Bradford & Bingley and the Icelandic banks may now be something of a distant memory, but we continue to bear a disproportionately high share of this levy when compared to the banks and other financial institutions that acted less prudently during the housing market boom.

The society's liability relating to our share of the interest on the Government loan to the FSCS in 2010 was £245k. Whilst we continue to support the need for such a compensation scheme, we do believe that risk and dependency on wholesale money markets should be proportionately taken into account when future scheme guidelines are considered.

Historically, the maximum amount of compensation paid out to depositors, by the Financial Services Compensation Scheme (FSCS), if a financial institution failed, was £50,000. However, during last year, it was announced that this limit was to be increased to the GB pounds equivalent of 100,000 Euros based on the current exchange rate. For 2011, the FSCS confirmed that the maximum amount of compensation would be increased to £85,000.

We have a longstanding reputation as a safe, trusted and local mutual building society – somewhere our customers feel is a secure place with which to entrust their hard-earned savings. Our robust performance over the past 12 months will serve to strengthen this standing.

Corporate Governance

The Combined Code of Corporate Governance is the system by which companies are directed and controlled and in building societies this has assumed increased importance over recent years.

The board ensures that it operates in line with guidance contained within the Combined Code of Corporate Governance and believes that the principles of good governance, accountability and transparency, as set out in the Code, will ensure the long-term success of Leek United.

Further information on the role of the board and its sub-committees can be found in the Corporate Governance Report on page 8.

Regulation

In an attempt to promote a more prudent and robust banking system for the future, we have continued to see many changes in regulation. However, whilst each change in regulation can be justified on its own merit, the cumulative impact is making legitimate and prudent business activity increasingly difficult.

Looking forward

During 2011, we will undertake a major enhancement to our main Information Technology software. The costs associated with this upgrade are significant, but necessary to ensure continued progress is achieved in business efficiencies and customer service.

We are well placed to continue serving our members, ensuring that they are part of a forward-looking society which is loyal to its roots. Leek United is proud of its position as a strong, independent organisation, which is going from strength to strength.

Of course, none of this could be achieved without the dedication and loyalty of the staff, who are the backbone of Leek United. On behalf of the board, I would like to thank everyone for the superb contribution they have all made.

Finally, I must thank you, our members, for the loyalty and support you continue to show. In return, the board and staff of Leek United will ensure that we will remain a local independent building society, working for the members and communities we serve.

P Marriott

Chairman

23 February 2011

Review of the year

Group profit before tax and FSCS levy	£3.87m
Group reserves	£50.69m
Group assets	£764m



Overview

I am pleased to be able to report that 2010 has been another very successful year for Leek United.

Our 2010 results stand testimony to our ability to cope with the well-documented adversity of today's economic conditions. We continue to trade in an extremely competitive business environment which is compounded by a deluge of new financial regulations.

It is against this backdrop, that I am pleased to report a strong financial performance in 2010.

Group Financial Performance

Group profit before tax and FSCS levy - £3.87m (2009: £4.18m)

Profit after tax - £2.53m (2009: £2.75m)

Group assets - £764m (2009: £735m)

Group reserves - £50.69m (2009: £47.37m)

Management expenses ratio – 0.79% (2009: 0.80%)

Our other key financial ratios including liquidity, gross capital and free capital have increased during the year to complete a robust financial performance.

Mortgage Lending

Gross lending in the year was £84m (2009: £60m).

This progressive controlled increase has been achieved without any compromise on the quality of our prudent lending policy.

Our ability to increase our mortgage lending demonstrates a robust financial position and a commitment to provide housing funding for prospective purchasers.

The society retains a significantly strong, high quality mortgage book with no exposure to sub-prime lending and extremely low arrears levels. The small mortgage loss we registered during 2010 was the first in six years. This is testament to the continuing value of our prudent lending policy adopted over many years. Our traditional individual case underwriting, with a focus towards high quality and low loan to value mortgage applications, is clearly continuing to prove its worth.

A consequence of the continuing low interest rate environment is members, understandably, choosing to reduce their mortgage balances. We have, therefore, witnessed a significant increase in capital repayments and monthly overpayments.

Our prudent approach to lending has ensured that we maintain an enviable record of arrears history. Less than 0.18% of our borrowers were 3 months or more in arrears as at 31 December 2010, which is significantly below the industry average.

For those members who are experiencing financial difficulties, we will continue to offer support and forbearance to borrowers individual circumstances with the aim of achieving a positive solution, which is in everyone's best interests.

Savings

Our retail savings balances increased during the year with an overall retail sales inflow of £65m. Strong demand for our savings products in a very low interest rate environment is particularly pleasing. Leek United has and will continue to offer, a safe, secure and trusted home for our members' savings.

We will continue to offer competitive rates of interest to our members, which refrain from headline short-term introductory rates. Consistency and fairness, backed by total security for our members' hard-earned savings, will always be our paramount objective.

Our People and the Community we serve

The decision by the Lloyds Banking Group to close all of their Halifax branch agencies provided us with the opportunity to review possible strategic acquisitions to our branch based member service.

I am delighted to confirm that following a review of numerous expansion opportunities, we opened two new agencies at Ashbourne and Wirksworth. This further strengthens the Leek United brand in our local community and we will continue to review further business development opportunities in the future.

We are extremely proud of the professionalism, dedication and motivation of our people. Our results are dependant on our people delivering a timely, caring and efficient level of customer service. We are fortunate to have a team who display genuine passion for the society and its members.

We have continued to support our local communities throughout 2010. Our activities and fund raising involved schools, hospitals, sports clubs and non-government funded charities such as the Donna Louise Trust, Douglas Macmillan Charity and the County Air Ambulance Trust.

Outlook

2011 looks set to provide a very challenging environment. The full impact of the Government's spending cuts will bring new pressures for consumers and businesses. Increases in taxation, a fragile housing market and rising unemployment will define the economic environment for the foreseeable future.

Financial markets remain fragile and susceptible to any deterioration in the global economy. A slow recovery is, therefore, inevitable for the UK given the magnitude of the recent recession.

All of these issues are likely to have a degree of influence on our financial performance over the coming year. We will continue to build on our strong financial position and demonstrate the true values of a local, independent building society.

Consistency and fairness in our competitive products, fairness in our business approach, all supported by the highest levels of customer service, makes for a very compelling proposition for our members.

I would like to thank you, our members, for your valued support and we look forward to the future with confidence as we continue to serve our members' best interests.

K Wilson

Chief Executive

23 February 2011



Donation to Douglas Macmillan hospice in Staffordshire, in respect of the votes cast at the Society's Annual General Meeting.



Presentation of cheque for £6,115.10, in respect of balances held on the society's Affinity Account, to the County Air Ambulance Trust.

The society's board is accountable to members for the careful direction of society affairs, safe stewardship of funds held on members' behalf and the provision of high quality products and services which meet the needs of individual members whilst offering a fair deal to all.

At the beginning of 2009, the board consisted of six non-executive and two executive directors. David Stevens retired on 21 April 2010. At the end of 2010 the board, therefore, consisted of five non-executive and two executive directors.

In striving towards ever higher standards of service to members, the board focuses not only on members' interests as customers for the society's products and services but also their interests as members of a mutual enterprise. In regard to this latter relationship, we take account of the guidance contained in the Combined Code on Corporate Governance. Whilst this Code is addressed to plcs, many of its provisions can be directly applied to the board and management arrangements in a mutual building society. The board is pleased to confirm that the society complies with the Combined Code in all material and relevant aspects.

A formal system of board appraisal is in place and each director's personal contribution to board proceedings and society progress in the year has been the subject of rigorous review by the chairman. Performance evaluation of the

chairman has been conducted by non-executive directors led by the vice-chairman and taking account of the views of the executive directors.

The overall effectiveness of the board and its committees is monitored throughout the year and is subject to formal review on an annual basis.

All directors participate in a programme of training and professional development designed to keep their knowledge and skills up to date in a fast changing, highly regulated business environment. They are also entitled to obtain independent professional advice at the society's expense.

The offices of chairman and chief executive are separate and held by different people.

The board considers that all members are independent and carry out their duties with complete objectivity. The board has considered the individual performance of any director whose service exceeds nine years and is satisfied that their independence is not impaired as they are considered to be independent in character and judgement, and free of any relationship or circumstance which could materially interfere with the exercise of their judgement. Non-executive directors with over nine years service offer themselves for re-election on an annual basis. All other directors are required to submit themselves for re-election at least once every three years.

All directors conform to the requirements of the Approved Persons regime instituted by the Financial Services Authority and pass the “fit and proper” test specified in the FSA’s Handbook.

The Combined Code recommends that a non-executive director should be designated as the senior independent director with responsibility for leading non-executive directors in the performance appraisal of the chairman and to act as a contact for any member who may feel that contact with the chairman or chief executive would not be appropriate. The board considers that the duties of this role are encompassed within the role of the society’s vice-chairman, Derek Lyons, who is pleased to act as an alternative contact point for members.

Register of Candidates for Board Vacancies

The society maintains a register of potential candidates for future non-executive board vacancies. Members who believe they have the skills, experience and commitment to serve effectively as a director of the society are invited to write, in confidence, to the chairman of the Nominations Committee at the society’s head office.

Board Committees

Supervision and direction is facilitated by the operation of a number of board committees which meet regularly to consider issues specific to key business areas.

The **Audit and Risk Committee** receives reports from the society’s internal auditor and external auditors and its remit includes matters relating to compliance with the Building Societies Act 1986 and the Financial Services and Markets Act 2000, the effectiveness of systems of control, risk management, Internal Capital Adequacy Assessment Process (ICAAP), external audit arrangements, annual report and accounts and all regulatory issues. It considers and recommends the appointment of internal and external auditors and monitors their effectiveness and independence.

At 31 December 2010 the committee comprised the following non-executive directors:

J Washington (chair)
P Marriott
P A Stanyer

The **Remuneration Committee** considers and approves general policy on staff salaries and benefits, with particular reference to remuneration arrangements for senior management and executive and non-executive directors. The committee makes an annual report to members – this can be found on page 11. The committee is comprised entirely of non-executive directors and committee membership at 31 December 2010 was as follows:

D J Lyons (chair)
P Marriott
J Washington

The **Board Nominations Committee** leads the process for board appointments, ensuring a thorough search and selection process based on their evaluation of the balance of skills, knowledge and experience required on the board. All non-executive board vacancies are advertised in the press/media with a regional or national scope as appropriate. The committee also acts in the nomination of new board appointments. At 31 December 2010 the committee comprised:

P Marriott (chair)
D J Lyons
J Washington
K Wilson

Other committees operated by the board, each with its own terms of reference, are as follows:-

Assets and Liabilities Committee monitors and controls balance sheet risk, funding and liquidity.

Information Technology Committee approves and monitors major IT projects.

Attendance at Board and Board sub-committee meetings - 2010

	Board	IT	Remuneration	Audit & Risk	Assets & Liabilities	Nominations
P Marriott	12 (12)	-	4 (4)	4 (4)	1 (1)	1 (1)
K Wilson	12 (12)	3 (3)	-	-	4 (4)	1 (1)
K Griffiths	12 (12)	3 (3)	-	-	4 (4)	-
P W Kerns	12 (12)	2 (2)	-	-	3 (3)	-
D J Lyons	11 (12)	-	4 (4)	-	4 (4)	0 (1)
P A Stanyer	12 (12)	3 (3)	-	4 (4)	1 (1)	-
D A W Stevens (to 21/4/10)	3 (3)	-	-	1 (1)	-	-
J Washington	12 (12)	3 (3)	4 (4)	4 (4)	4 (4)	1 (1)

Figures in brackets denote number of meetings for which eligible to attend during the year.



Sponsorship of Leek Hockey Club.

Constructive use of the AGM

The society sends details of the AGM to all members who are eligible to vote. Members are encouraged to vote or appoint a proxy to vote if they cannot or choose not to attend the AGM. A donation to charity is made for each vote cast.

All members of the board are present at the AGM (unless their absence is unavoidable). The chair of all of the committees are therefore available to answer questions raised by members.

On behalf of the board of directors

P Marriott
Chairman
23 February 2011

Relations with members

The views of new and existing members are sought by individual questionnaires during the year. Members' forums are held each year when the chief executive gives a presentation on the main business developments and members present have their opportunity to raise questions to the directors and senior management.



Leek United staff receiving their NVQ Certificates in Business Management.

The society's Remuneration Committee is composed solely of non-executive directors. D J Lyons, P Marriott and J Washington served on the committee during 2010.

The committee's principal responsibility is the determination of the terms and conditions of employment of executive directors and the level of fees payable to non-executive directors. In making its determinations the committee is guided by the recommendations of the Combined Code on Corporate Governance and so aims to set remuneration at levels that are sufficient to attract, retain and motivate directors of the quality required to run a successful building society such as Leek United.

When considering the remuneration of both the executive and non-executive directors, the Remuneration Committee takes into account comparative data from a range of independent sources covering building societies and firms in the wider financial services sector where the scale and complexity of business operations are similar to those of Leek United.

Executive Directors

The main elements of each executive director's remuneration package are - basic salary, pension benefits, private medical insurance and the provision of a company car or car allowance.

The chief executive is a member of the Leek United Building Society Pension and Assurance Scheme. In addition, due to salary cap restrictions on his defined benefits pension scheme, the society contributes into a personal pension scheme.

The finance director is a member of the defined contribution stakeholder pension scheme.

The Combined Code recommends that a director's service contract period should be set at 12 months or less and the contractual notice period for existing and new executive director appointments conforms to this limit.

Non-Executive Directors

Non-executive directors receive fees for the provision of their services. They do not have service contracts and do not receive any other benefits (other than travelling expenses incurred in the normal course of duties), bonus or pension entitlement.

Directors' Remuneration Report



Sponsorship of Leek Town Football Club.

Directors' Remuneration

The table below summarises directors' pay and benefits for the year ended 31 December 2010:-

	2010 Salary/ Fees £000's	2010 Other Benefits £000's	2010 Total £000's	2009 Total £000's
Non-Executive directors				
E W Hodgkinson (Chairman to 22/4/09)	-	-	-	9
P Marriott (Chairman from 22/4/09)	30	-	30	28
P W Kerns (from 21/12/09)	20	-	20	1
D J Lyons	25	1	26	24
P A Stanyer	20	-	20	19
D A W Stevens (to 21/4/10)	7	-	7	24
J Washington	21	-	21	19
Executive directors				
K Wilson	150	23	173	172
K Griffiths	96	13	109	109
	<u>369</u>	<u>37</u>	<u>406</u>	<u>405</u>

Member Consultation

The Directors' Remuneration Report will be the subject of an advisory vote at this year's AGM.

Remuneration Code

During 2010, the scope of the Remuneration Code has been extended to implement changes required by the Capital Requirements Directive (CRD) and also to take account of provisions relating to remuneration as set out in the Financial Services Act 2010 and Sir David Walker's review of corporate governance. For the society, a number of the provisions within the new Code will apply from 1 January 2011 with a range of further provisions subject to a transition period of up to six months. The society will be required to fully comply with the Code's provisions by 1 July 2011. The Committee is confident that the society's existing policies and practices substantially comply with the Code's provisions and has established an appropriate plan to review those areas where further developments may be required. The Pillar 3 disclosures required under the CRD will be placed on our website www.leekunited.co.uk/corporate/financial-information.

D J Lyons

Chair of the Remuneration Committee

23 February 2011



Sponsorship of the Ashbourne Fun Run.

For the year ended 31 December 2010

This financial statement is a summary of information in the audited annual accounts, the directors' report and annual business statement, all of which will be available to members and depositors free of charge on demand at every office of Leek United Building Society from 6 April 2011.

Approved by the board of directors on 23 February 2011.

P Marriott	Chairman
K Wilson	Chief Executive
K Griffiths	Finance Director

Summary Directors' Report

Financial Performance

Total Assets

The total assets of the group at the end of 2010 were £763.8m, an increase of £28.5m in the year.

Profit and Capital

The profit after tax of £2.53m was transferred to the general reserve. Gross capital amounted to £50.69m at 31 December 2010.

Management Expenses

The management expenses ratio was 0.79% for 2010 (2009: 0.80%).

Liquid Assets

Liquid assets, in the form of cash securities, amounted to £193.5m, representing 27.25% of shares and borrowings.

Mortgages

The total amount outstanding on mortgages at the end of the year was £566.8m.

Shares and Deposits

Investors' and depositors' balances at 31 December 2010 totalled £709.9m, an increase during the year of £27.4m.

Interest Rates

The residential mortgage base rate was 5.19% throughout the year.

Summary Statement

Group Results for the Year	2010 £000's	2009 £000's
Net interest receivable	8,397	8,777
Other income and charges	1,610	1,560
Administrative expenses	(5,934)	(5,930)
Net finance credit/(charge) on pension scheme	80	(137)
Provision for bad and doubtful debts	(287)	(91)
Financial Services Compensation Scheme Levy	(245)	(320)
Profit for the year before taxation	3,621	3,859
Taxation	(1,085)	(1,107)
Profit for the year	2,536	2,752

Financial position at the end of the year

Assets	2010 £000's	2009 £000's
Liquid assets	193,454	163,118
Mortgages	566,834	568,606
Fixed and other assets	3,508	3,597
Total assets	763,796	735,321
Liabilities		
Shares	695,724	616,316
Borrowings	14,154	66,148
Other liabilities	1,898	2,325
Net pension liabilities	1,328	3,164
General reserve	49,579	46,255
Revaluation reserve	1,113	1,113
Total liabilities	763,796	735,321

Summary of key financial ratios at the end of the year

	2010 %	2009 %
1. Gross capital as a percentage of shares and borrowings	7.14	6.94
2. Liquid assets as a percentage of shares and borrowings	27.25	23.90
3. Profit for the year as a percentage of mean total assets	0.34	0.37
4. Management expenses as a percentage of mean total assets	0.79	0.80

Gross capital as a percentage of shares and borrowings measures the proportion which the group's capital bears to the group's liabilities to holders of shares, depositors and other providers of funds (investors).

The group's capital consists of profits accumulated over many years in the form of reserves together with the revaluation reserve. Capital provides a financial cushion against any losses which might arise from the group's activities and therefore protects investors.

The **liquid assets ratio** measures the proportion that the group's assets, which are held in the form of cash, short-term deposits and securities readily convertible into cash, bears to the group's liabilities to investors.

Most of the group's assets are long-term mortgages, while many of its liabilities to investors are repayable on demand. Liquid assets are generally readily realisable, enabling the group to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.

The **profit/assets ratio** measures the proportion that the group's profit after taxation for the year bears to the average of the group's total assets during the year.

The group needs to make a reasonable level of profit each year in order to maintain its capital ratio at a suitable level to protect investors. However, a building society does not have to pay dividends to equity shareholders as a company does. The group is therefore able to operate safely with lower margins than a bank.

The **management expenses ratio** measures the proportion that the group's administrative expenses bears to the average of the group's total assets during the year. Management expenses consist mainly of the costs of employing staff and of running the society's branches. Expenses need to be controlled so that the group operates as efficiently as possible while providing the service that members require.

Independent Auditors' statement to the members and depositors of Leek United Building Society

We have examined the summary financial statement of Leek United Building Society set out on pages 13 and 14.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the summary financial statement in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Business review, Summary Financial Statement and Notice of Annual General Meeting 2010 document with the full Annual Accounts, the Annual Business Statement and the Directors' Report, and its compliance with the relevant requirements of section 76 of the Building Societies Act 1986 and the regulations made thereunder.

We also read the other information published with the Business review, Summary Financial Statement and Notice of Annual General Meeting 2010 document and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement. The other information comprises only the Business review, Corporate Governance Report, Director's Remuneration Report and Notice of Annual General Meeting.

This statement, including the opinion, has been prepared for and only for the Society's members and depositors as a body in accordance with section 76 of the Building Societies Act 1986 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

Opinion

In our opinion the Summary Financial Statement is consistent with the full Annual Accounts, the Annual Business Statement and the Directors' Report of Leek United Building Society for the year ended 31 December 2010 and complies with the applicable requirements of section 76 of the Building Societies Act 1986, and the regulations made thereunder.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

23 February 2011

Notice of Annual General Meeting

Notice is given that the one hundred and forty-eighth Annual General Meeting of the members of Leek United Building Society will be held on 20 April 2011 at Leek Cricket Club, Highfield, Macclesfield Road, Leek, Staffordshire, ST13 8SG at 12 noon for the following purposes:-

1. To receive the Annual Report and Accounts for the year ended 31 December 2010.
2. To re-appoint PricewaterhouseCoopers LLP as auditors.
3. To approve the Directors' Remuneration Report.
4. To consider and, if thought fit, to re-elect the following directors:
 - (a) To re-elect Keith Griffiths
 - (b) To re-elect Derek Lyons
 - (c) To re-elect Paul Marriott
5. To transact any other business permitted by the Rules of the Society.

By order of the board
K WILSON
Secretary
March 2011

Remember you can vote online at www.leekunited.co.uk/agm

Directors Seeking Election or Re-election



Keith Griffiths

Age 53

Keith Griffiths was appointed to the board as Finance Director in November 2008.

Keith originally joined the society in 1987 before being appointed to the board as Finance Director in 1996. Following his retirement in 2005, Keith kept abreast of the economic and financial climate and decided in 2008 the time was right to re-enter a very different and challenging environment.

Keith holds a degree in Economics from the London School of Economics and is a Chartered Accountant with previous experience at one of the UK's leading accountancy firms.

As Finance Director, Keith is responsible for all financial and treasury management issues and serves on the Assets and Liabilities Committee.



Derek Lyons

Age 67

Derek Lyons joined Leek United as a non-executive director in 2002.

He was a former managing director of Union Discount Company of London Limited in the City of London, and has recently retired from an independent consultancy providing specialist advice on treasury management to local authorities and housing associations. He is a member of the Chartered Institute for Securities & Investment.

Derek's wide experience of the City and the financial services market, and his particular expertise in relation to treasury management in a building society context, is highly relevant to Leek United's operations.

Derek is currently a member of the Assets and Liabilities Committee, is Chair of the Remuneration Committee and sits on the Board Nominations Committee.



Paul Marriott

Age 58

Paul Marriott was appointed Chairman of the Society in April 2009, after serving as Vice Chairman for ten years. He has been a Non-Executive member of the Board since 1994.

Paul is the senior director of Fearn's Marriott Ltd, a well-established Leek based firm of Chartered Accountants, having previously been a partner at KPMG.

In addition to carrying out his duties as Chairman, Paul sits on the Audit & Risk, Remuneration and Board Nomination committees.

Paul takes a keen interest in the community and is actively involved with several local charities.

Performance Appraisal

The performance of each director has been the subject of a formal and rigorous evaluation by the board.

The board considers that each director is independent in character and judgement and continues to demonstrate a high level of skill and commitment in their contribution to the work of the board.

P Marriott

Chairman

D J Lyons

Senior Independent
Director

March 2011

Notes

1. These Notes form part of the Notice of the Meeting.
2. A member entitled to attend the Meeting and vote may appoint a proxy to attend and vote on his or her behalf. You may appoint the Chairman of the Meeting or anyone else as your proxy, and your proxy does not have to be a member of the society. Your proxy may vote for you at the Meeting but only on a poll. A poll is a formal vote which may take place after an initial vote by a show of hands. Your proxy may not speak at the Meeting, except to demand or to join in demanding a poll.
3. You may instruct your proxy how to vote at the Meeting. Please read the instructions on the proxy form.
4. The voting date is the date of the Meeting, if voting in person, and 18 April 2011 if using the enclosed form.
5. In order to attend and vote at the Meeting, or appoint a proxy, you must qualify as either a shareholding member or a borrowing member.

Shareholding Members

- (a) To qualify as a shareholding member, you must -
 - (i) if you are an individual, be at least 18 years old on 20 April 2011; and
 - (ii) have held shares to the value of not less than £100 at midnight at the end of 31 December 2010; and
 - (iii) not have ceased to hold a share or shares at any time between midnight at the end of 31 December 2010 and the voting date; and
 - (iv) hold a share or shares on the voting date.
- (b) Where the shares are held jointly by two or more persons, only the first named in the records of the society, in respect of those shares, can have any voting rights.

Borrowing Members

- (a) To qualify as a borrowing member, you must -
 - (i) be at least 18 years old on 20 April 2011; and
 - (ii) have owed the society not less than £100 in respect of a mortgage debt at midnight at the end of 31 December 2010; and
 - (iii) owe the society not less than £100 in respect of a mortgage debt on the voting date.
 - (b) Where a mortgage debt is owed jointly by two or more persons, only the first named in the records of the society, in respect of that mortgage, can have any voting rights.
6. In addition, you can vote only once as a member, irrespective of -
- (a) the number of accounts you hold and whether you hold accounts in different capacities (for example, on your own behalf and as a trustee); and
 - (b) whether you qualify to vote as both a shareholding member and a borrowing member.
7. Members attending the Meeting will be requested to produce their passbooks or other evidence of membership in order to obtain admission. If you are appointing a proxy, other than the Chairman of the Meeting, to attend the Meeting and vote on your behalf, please ensure that your proxy brings an appropriate form of identification to the Meeting.

Online Voting

To use this facility, please go to www.leekunited.co.uk/agm and click on the link, which will redirect you to a secure voting site administered by Howsons Electoral Services who are independent scrutineers. You will need your user ID and password and these can be found on the enclosed proxy voting form.

Online voting is available 24 hours a day until midnight on 18 April 2011.

Remember you can vote online at www.leekunited.co.uk/agm

Registered Principal Office	50 St. Edward Street Leek, Staffs. ST13 5DL
Registered No.	323B
Directors	K Griffiths BSc (Econ), FCA P W Kerns D J Lyons MCISI P Marriott FCA P A Stanyer FCA, FIMI, AInstIB J Washington ACIB K Wilson
Chairman	P Marriott FCA
Chief Executive	K Wilson
Finance Director	K Griffiths BSc (Econ), FCA
Internal Auditor	I Boston
Other Officers	R Bebbington S Boulton PGDip Mgmt, MCMI B Gronneberg M Williams D Wilson
Bankers	HSBC Santander
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 101 Barbirolli Square Lower Mosley Street Manchester M2 3PW.

Member of the Building Societies Association
The Society is authorised and regulated by
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Photograph of Hen Cloud,
The Roaches, Staffordshire
taken by Mr Clive Shenton of
Leek Photographic Club



The pulp used in the manufacture of
this paper is from renewable timber
produced from sustainable forests
and is elemental chlorine free.



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