

Supplement dated 12 April 2018 to the Prospectus referred to below



Leeds Building Society

(incorporated in England under the Building Societies Act 1986 with Registered Number 320B)

£2,000,000,000

Euro Medium Term Note Programme

This Supplement (the “**Supplement**”) to the Prospectus dated 5 December 2017 for the EMTN Programme (the “**Prospectus**”) which comprises a base prospectus, constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the “**FSMA**”) and is prepared in connection with the EMTN Programme established by Leeds Building Society (the “**Issuer**”). Terms defined in the Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Issuer.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Purpose of the Supplement

The purpose of this Supplement is (a) to incorporate by reference the Issuer's audited consolidated financial statements for the financial year ended 31 December 2017 (together with the audit report thereon and the annual business statement and the directors' report in respect of the financial year ended 31 December 2017), (b) to include a new "Significant or Material Change" statement, (c) to include disclaimers in relation to Directive 2014/65/EU (as amended, “**MiFID II**”) and (d) to update the section of the Prospectus entitled “Leeds Building Society” to include additional financial information presented by the Issuer as at and for the financial year ended 31 December 2017.

Documents Incorporated by Reference

On 28 February 2018, the Issuer published its audited consolidated financial statements for the financial year ended 31 December 2017 (pages 90-141) (which includes the independent auditor's report thereon (pages 82-89) and the annual business statement (pages 142-144) and the directors' report (pages 52-54) in respect of the financial year ended 31 December 2017) (the “**Financial Statements**”). A copy of the Financial Statements has been filed with the Financial Conduct Authority and, by virtue of this Supplement, the Financial Statements are incorporated in, and form part of, the Prospectus.

Copies of all documents incorporated by reference in the Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent and will be available on the

website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html. Any non-incorporated parts of a document referred to in this Supplement are either deemed not relevant for an investor or are otherwise covered elsewhere in this Supplement.

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference or attached to this Supplement. “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measures in the Relevant Member State.

General Information

Paragraph (3) on significant or material change on page 92 of the Prospectus in relation to the EMTN Programme shall be deemed deleted and replaced with the following paragraph:

"There has been no significant change in the financial or trading position of the Group since 31 December 2017 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31 December 2017."

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated into the Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus since its publication.

MiFID II Disclaimers

On page 4 of the Prospectus in the disclaimers section, beneath the paragraph starting with “**PROHIBITION OF SALES TO EEA RETAIL INVESTORS**” the following two paragraphs shall be deemed to be inserted:

“**MIFID II product governance / target market** – The Final Terms in respect of any Notes will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.”

On page 84 of the Prospectus in the section titled “*Form of Final Terms*” beneath the paragraph starting with “**PROHIBITION OF SALES TO EEA RETAIL INVESTORS**” the following paragraph shall be deemed to be inserted:

“**[MIFID II product governance / Professional investors and ECPs only target market –** Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the [Notes] has led to the conclusion that: (i) the target market for the [Notes] is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]”

Other Financial Information

Alternative Performance Measures. The financial measures presented by the Issuer in this section are not defined in accordance with IFRS accounting standards. However, the Issuer believes that these measures provide useful supplementary information to both investors and the Issuer’s management, as they facilitate the evaluation of the Issuer’s performance. It is to be noted that, since not all companies calculate financial measures in the same manner, these are not always comparable to measurements used by other companies (even if similarly labelled). Accordingly, these financial measures should not be seen as a substitute for measures defined according to IFRS. The list below presents alternative performance measures, along with their reconciliation to the extent that such information is not defined according to IFRS and not included in the Issuer’s financial statements incorporated by reference into this Supplement.

Financial measure	2014	2015	2016	2017	Definition and Reconciliation	Rationale for inclusion
Net Interest Margin (%)	1.58	1.62	1.37	1.24	This ratio calculates the net interest income as a percentage of mean total assets.	Measure of the interest margin being a key indicator of margin performance.
Cost to Income Ratio (%)	33.4	36.4	43.3	43.2	A ratio that represents management expenses as a percentage of total income.	Measure of the efficiency of the business.
Cost to Mean Asset Ratio (%)	0.57	0.62	0.62	0.56	A ratio that represents management expenses as a percentage of mean total assets.	Measure of the efficiency of the business.
Gross Residential Lending (£bn)	2.7	3.1	4.0	4.1	This represents the total amount of new loans and advances to customers secured on residential property advanced by the Issuer in the year.	Measure of new loans and advances to customers secured on residential property.

Net Residential Lending (£bn)	1.1	1.4	1.9	1.8	This represents the increase in the size of the residential mortgage book during the year. It is calculated as gross residential lending, less redemptions, contractual repayments and other capital repayments.	Measure of the increase in the size of the residential mortgage book during the year.
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Net Interest Margin is derived as follows:

	2014 (£m)	2015 (£m)	2016 (£m)	2017 (£m)
Total Interest Receivable	397.5	402.7	406.3	413.2
Total Interest Payable	(212.7)	(195.2)	(204.5)	(200.0)
<i>Net Interest Receivable expressed as a percentage of mean assets:</i>				
Assets c/f	12,131.2	13,506.6	15,929.7	18,484.0
Assets b/f	11,194.2	12,131.2	13,506.6	15,929.7
Mean	11,662.7	12,818.9	14,718.2	17,206.9
Net interest margin (pro rata)	1.58%	1.62%	1.37%	1.24%

The ratio of management expenses to income is derived as follows:

	2014	2015	2016	2017
Total income £m	198.4	218.9	212.0	221.0
Average total income £m	198.4	218.9	212.0	221.0
Administrative expenses	(64.6)	(77.0)	(88.7)	(92.5)
Depreciation of property, plant and equipment	(1.6)	(2.7)	(3.2)	(3.0)
Management expenses	(66.2)	(79.7)	(91.9)	(95.5)
Ratio of management expenses to mean income	33.4%	36.4%	43.3%	43.2%

The ratio of management expenses to mean total assets is derived as follows:

	2014	2015	2016	2017
Mean assets £m	11,662.7	12,818.9	14,718.2	17,206.9
Administrative expenses	(64.6)	(77.0)	(88.7)	(92.5)

Depreciation of property, plant and equipment	(1.6)	(2.7)	(3.2)	(3.0)
Management expenses	(66.2)	(79.7)	(91.9)	(95.5)
Ratio of management expenses to mean assets	0.57%	0.62%	0.62%	0.56%

Gross residential lending is derived as follows:

	2014	2015	2016	2017
Total value of loans secured on residential property which were newly advanced during the financial year ending (£bn)	2.7	3.1	4.0	4.1

Net residential lending is derived as follows:

	2014	2015	2016	2017
Gross Residential Lending during the financial year ending (£bn)	2.7	3.1	4.0	4.1
Total value of redemptions during the financial year ending (£bn)	1.3	1.5	1.8	1.8
Total value of capital repayments and other capital payments received during the financial year ending (£bn)	0.2	0.2	0.4	0.5
Net residential lending (£bn)	1.1¹	1.4	1.9²	1.8

Capital Ratios. The Issuer's capital resources in relation to Common Equity Tier 1 and Additional Tier 1 capital for the financial year ended 31 December 2017 are £952,000,000 (2016: £871,000,000) and £12,000,000 (2016: £15,000,000), respectively, with Total Tier 1 capital being £964,000,000 (2016: £886,000,000). The Issuer's capital resources in relation to Tier 2 capital for the financial year ended 31 December 2017 are £24,000,000 (2016: £28,000,000). The total regulatory capital resources for the financial year ended 31 December 2017 are £988,000,000 (2016: £914,000,000). The Issuer's risk weighted assets for the financial year ended 31 December 2017 are £6,577,000 (2016: £5,731,000).

The Issuer's CRD IV capital ratios for the financial year ended 31 December 2017 are as follows: CET1 ratio: 14.5% (2016: 15.2%), CRR leverage ratio: 5.0% (2016: 5.2%) and UK leverage ratio: 5.5% (2016: 5.6%).

The CRD IV capital ratios are regulatory ratios which measure the value of the Issuer's Tier 1 capital as a proportion of total relevant non-risk weighted assets. The CRR leverage ratio is defined by the EU's Capital Requirements Regulation. The UK leverage ratio is based on the latest announcements from the PRA to exclude certain central bank claims from the total leverage exposure measure and to increase the minimum leverage ratio requirement to 3.25% for UK firms with retail deposits equal to or greater than £50bn.

¹ calculated amounts were deemed to be arithmetically correct if differences were attributable to rounding

² calculated amounts were deemed to be arithmetically correct if differences were attributable to rounding